



1972

Controllership in the United States Marine Corps: a critical evaluation.

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George Washington University

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CONTROLLERSHIP IN THE UNITED STATES
MARINE CORPS: A CRITICAL EVALUATION

James W. Rider

CONTROLLERSHIP IN THE UNITED STATES MARINE CORPS:
A CRITICAL EVALUATION

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1959

A Thesis Submitted to the School of Government and
Business Administration of the George Washington
University in Partial Fulfillment of the
Requirements for the Degree of Master
of Business Administration

May, 1972

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PREFACE

The motivation for the selection of this thesis topic is professionally and personally oriented. After twenty years in the Marine Corps, and with at least ten more years of service contemplated, the author finds himself somewhat parochial in interests.

Assignment to the Navy Graduate Financial Management program commits Marine officers to alternating tours in Financial Management. The author has served as Marine infantryman and a naval aviator, never as a financial manager. Faced with an imminent assignment in that field, the author hopes not only to satisfy the thesis requirement for the degree of Master of Business Administration from George Washington University, but, at the same time, to obtain insight into the workings and relationships involved in Marine Corps financial management.

The author of this thesis gratefully acknowledges the assistance of numerous Marines at Headquarters Marine Corps who took time from busy schedules to grant interviews, answer questions, and provide reference materials. Especially noteworthy in this regard were Majors Thomas J. Faleskie, and John H. Caynak. Particular acknowledgement must go to those Marine officials who completed the author's survey questionnaire, providing candid and straightforward comments.

In addition, the author must mention Mr. Robert White, Systems Analyst, Defense Intelligence Agency, who provided invaluable aid in the computer-assisted analysis of the collected information, and Major Thomas H. Shannon who recommended this study, and helped the author launch it.

While the author is sincerely grateful to all who assisted him, he must absolve them from any responsibility for data cited or conclusions drawn.

This thesis was an independent study and does not represent the viewpoint or policy of the United States Marine Corps, the Department of the Navy, Department of Defense, or any other federal agency. No materials classified for security purposes were included in this paper.

CHAPTER I

INTRODUCTION

Research Questions

The purpose of this study is to determine if modern day comptrollers function effectively in the United States Marine Corps.

Subsidiary questions that will be investigated are:
How did financial management evolve in the Marine Corps? How are Marines prepared for financial management assignments? Which Comptroller functions receive the greatest emphasis in the Marine Corps? How does comptrollership in the Marine Corps differ from and in what areas is it similar to comptrollership in civilian organizations? What is the impact of the Department of Defense's Project Prime on Marine Corps financial management? Is the present staff structure and concept of financial management the most effective one for the Marine Corps in the 1970's?

Importance of the Study

Now is a good time to examine any military financial management system. Financial management has received more and more emphasis each year. With the war in Viet Nam drawing to

a close, taxpayers and politicians plan on diverting dollars previously spent on defense to other parts of the public sector. Prices have continued to rise much faster than military budgets. The Department of Defense has initiated programs which represent tremendous change. The Planning, Programming, and Budgeting System, Resources Management System and Project PRIME have revolutionized comptroller procedures. We can ask, "Are the old Marine Corps procedures and organizational structures relevant in view of these changes?" A Marine general recently described the Marine Corps financial situation.

Although the Budget calls for some modernization of our forces, this must be modest and within our procurement authority. Notwithstanding such fiscal constraints, we must maintain our facilities at overall higher standards, and we must continue paying, feeding and clothing our Marines at the highest levels in history. The name of the game in '72 is 'Increased Readiness within dollar constraints.' In the last 5 years, we lived in a "world of relative plenty" and developed some expensive habits. Now, as we settle down and 'square away' in anticipation of the first peacetime year in quite a while, we have to throw off some of our expensive tendencies."¹

Methodology and Scope

In any discussion of financial management, we have first to decide if we will call the studied organism a comptroller or controller. Most authors who address this question conclude

¹Brigadier General Charles S. Robertson, U.S. Marine Corps, an address to the Marine Corps Command and Staff College, February 9, 1970.

that the terms are identical in meaning.¹ Since the Marines call him comptroller, that title will be used throughout this paper.

Before proceeding further, it is essential to define some of the key terms that will be used. A Glossary has been added as Appendix A to provide definitions of the most common terms. Since a multitude of definitions of the word comptroller (or controller) exists, we will look at the Marine Corps description and use that as a guide:

A comptroller is a staff officer, charged with supervising and coordinating the broad area of financial management as it relates to or affects all functions of the command. He is responsible for the planning, coordinating and supervising of the budgeting, accounting, disbursing, and financial statistic/progress functions.²

Non-military concepts of comptrollership often define much wider operating parameters. Stokes lists financial controls as only one of eight key areas of performance control.³ Another author says, "While dollar costs and profits are the ultimate form of business control, financial tools are not necessarily the best ones for control."⁴ This study compares Marine Corps

¹Frederick R. Bowie, "Comptroller or Controller," Armed Forces Comptroller XIV, No. 3 (July, 1969), pp. 22-23); and J. Hugh Jackson, The Comptroller: His Functions and Organization, (Cambridge, Mass.: Harvard University Press, 1948), p. 4.

²U.S. Marine Corps Order P7300.9, Financial Guidebook for Commanders, (Washington, D.C.: Government Printing Office, 1969), p. 10.

³Paul M. Stokes, A Total Systems Approach to Management Control, (New York: American Management Association, 1968), p. 3.

⁴Robert J. Mockler, "The Corporate Control Job: Breaking the Mold," Business Horizons, XIII, No. 6 (December, 1970), p. 4.

comptrollership elements with those listed by some of the authors writing about financial management in the private sector.

Questionnaire Survey

In a thesis prepared as a requirement for a Master of Business Administration degree, Major T. H. Shannon studied comptrollership in the Marine Corps.¹ He offered as a recommendation for further study, a "Proposed Survey of Marine Corps Controllers." This author made several detailed changes in the proposed questionnaire and distributed it. This study does parallel much of Major Shannon's work, but it uses different information sources, and draws different conclusions.

Survey Population

A questionnaire eliciting 78 separate responses was mailed to those Marine Corps officers in financial management billets which have a Special Education Requirement. This population consisted of two groups, comptrollers and other officers in financial management billets. The later group consisted of 25 widely diversified billets, ranging from Economics Instructor at the United States Naval Academy to Special Assistant for Marine Corps matters in the Navy Department Office of the Comptroller. Seventeen of this group, referred to as Financial

¹Thomas H. Shannon, "A Critical Evaluation of Controllership in the Marine Corps," (unpublished Master's Thesis, George Washington University, 1971).

Managers, filled staff positions at Headquarters, Marine Corps, Washington, D. C.

This survey by no means tried to cover all of the financial management billets in the Marine Corps, but only those in some of the higher echelons. As the study repeatedly points out, every Marine Corps commander is in theory a financial manager, and usually has a staff officer assigned cognizance of fiscal responsibilities.

At the suggestion of the thesis director another population was surveyed with a similar questionnaire (reworded slightly). This survey was made of Chiefs of Staff or Executive Officers of those Marine commands assigned a comptroller billet with a Special Education Requirement.

Survey Response

Although the questionnaire was quite long (three pages) and fairly complex, response was encouraging. Twenty-five out of 28 comptrollers surveyed responded, and 23 out of 25 Financial Managers answered the questionnaire. Thirteen of 17 Chiefs of Staff or Executive Officers replied.

Analysis

Statistical information was analyzed using the George Washington University STATPAC Frequency and Symmetrical Correlation computer programs and other short programs written by this student.

The description of results in Appendix B lists the question asked, followed by the resulting response distributions, and where applicable the Mean, Median, standard deviations, and ranges about the mean. Small standard deviations and narrow ranges naturally indicate a degree of consensus in response to the question, while larger deviations and ranges indicate a wider distribution of opinion.

Frequent reference will be made to information compiled in the survey. It is recognized that there are many variables which can affect the answers an individual financial manager gives. His organization's mission and location, the personality and attitudes of his commander, and the individual's own background and qualifications will certainly influence his answers to the survey questions. But where Marine financial managers generally supply similar answers to a question, despite all the differing variables, we can look for general conclusions.

CHAPTER II

EVOLUTION AND STRUCTURE OF MARINE CORPS

FINANCIAL MANAGEMENT

Early History

The Marine Corps was born on November 10, 1775 at Tun Tavern, Philadelphia. The Marines of the Revolutionary War were not really a separate Corps. They consisted of a Marine battalion and numerous shipboard detachments, with no centralized administration or control. The first Commandant, Captain Samuel Nicholas, maintained no permanent headquarters, but commanded his troops in the field, and on amphibious operations. When the Revolution ended the Continental Navy and the Marines waned rapidly and eventually disappeared.¹ In April of 1789 the Navy Department was created, and on July 11, 1798, Congress sent to President John Adams, "An Act for Establishing and Organizing a Marine Corps."²

The new Commandant of the Marine Corps, Major William Burrows, was deeply involved in the financial management of the Corps. A classic example is the letter he wrote to ex-private Levi Strong on April 8, 1800.

¹Robert D. Heintz, Jr., Soldier of the Sea, (Annapolis, Maryland: United States Naval Institute, 1962), p. 9.

²Ibid., p. 10.

When you return money that has been paid by the publick for near nine months to you for doing nothing, I may then think about paying for clothes you may suppose due you Before you asked pay for clothing you should have thought if there were nothing else you could ask for. Perhaps a pension for life would suit, and if you will consult with some of your friends they might be able to make out and sign a petition for you. Send me the 3⁴ cents I paid for this letter and don't let me hear again from you.¹

And on August 8, 1800, Commandant Burrows (by then a Lieutenant Colonel) wrote to Lieutenant Wharton, the Marine Corps Quartermaster:

You may proceed to draw the amount of your Pay Rolls, which I suppose will come to at least \$2300. Desire your draft to be sent to the accountant for collection let who will buy it. If the Navy Agent won't buy it you must send it to some individual, but do not hank the bill about As to your clothes, if they are too old or ragged to keep, it is better to² give them away; otherwise sell them to the highest bidder.

William War Burrows, a Revolutionary War veteran and second Commandant of the Marine Corps, could be termed the father of Marine Corps Financial Management. Dissatisfied with, "The Vagabond, Matthew Spillard," as he described an Army quartermaster initially assigned to the Marines, Major Burrows established his own supply system, and served about a year as the Paymaster of the Corps (drawing the added pay and allowances of the empty billet) until a suitable officer was appointed. By assessing each Marine officer ten dollars (when Lieutenants drew

¹U.S. Marine Corps Order P7300.9, Financial Guidebook for Commanders, (Washington, D.C.: Government Printing Office, 1969), p. 1.

²Lieutenant Colonel Herman J. Redfield, USMC, "Financial Analysis and Review in the Marine Corps," The Armed Forces Comptroller, XIV, No. 3, July, 1969, pp. 4-5.

\$25 a month) he financed and organized the now world famous Marine Corps band.

The supply system under the first Marine Quartermaster Second Lieutenant Thomas Wharton was simple. Rations--originally at 21 1/2 cents a day, later 28 cents--were provided by cash payments to individual commanding officers.¹ Marine privates received 40 per cent--\$4 per month--less pay than seamen and were paid every three months as a step to keep them from deserting. Marines also shared in prize moneys, granted whenever ships were captured.²

Appropriations for the Marine Corps were made in the annual appropriations acts for the Navy, based on estimates submitted to the Congress by the Commandant, through the Secretary of the Navy. The earliest known annual budget for the Marine Corps dates from Burrows' tenure as Commandant. In 1799 it totaled \$237,788.38 and was broken into three main categories; Pay and Subsistence, Clothing and Military Stores, and Quartermaster Department, Contingent, etc.³

The Paymaster comes to light again in 1814 when Lieutenant Colonel Commandant Franklin Wharton fled Washington with the paymaster and all the cash on hand during the British attack

¹Heinl, pp. 9-11.

²Major E. N. McClellan, USMC, "History of the United States Marine Corps." Unpublished, mimeographed bound history maintained at the Historical Library, Headquarters United States Marine Corps, Washington, D.C., 1925-32. Volume I, Chapter II, p. 29.

³Ibid., Volume I, Chapter XVI, p. 61.

on the capital.¹ Although this may have represented admirable management of finances, charges were brought against the Commandant for cowardice by a young Captain named Archibald Henderson. The legend persists that two sergeants were assigned by the Commandant to hide some Marine Corps funds in the house at 8th and "I" Streets to prevent them from falling into British hands. This building is still the home of the Commandant of the Marine Corps. The two sergeants supposedly met an untimely end, carrying to their graves the secret location of the hidden treasure which in earlier times was set at \$2,500, but has been inflated to \$75,000 in later day accounts.²

Early effort to foster economy did not spare the fledgling Navy and Marine Corps. In 1820 the Congressional Committee on Naval Expenditures wrote Secretary of the Navy Smith Thompson urging the introduction of rigid economy in the department and reminding him that "the popularity won for the Navy during the late war can only be maintained in time of peace by exhibiting judicious management."³

The Marines occupied a unique position during their early years. While afloat they were subject to the Articles for the Government of the Navy. Ashore they were subject to the Articles of War. Autonomy offered little advantage to an

¹ Philip N. Pierce and Frank O. Haugh, The Compact History of the United States Marine Corps, (New York: Hawthorne Books, Inc., 1960), pp. 54-56.

² Pierce and Haugh, History, p. 56.

³ McClellan, History, Volume II, Chapter II, p. 146-147.

organization as small as the Corps. There was frequent pressure to make the Corps part of the Army, part of the Navy, or to abolish it all together. In 1831 the Secretary of the Navy, recommended that the Marines be made part of the Navy, and further elaborated,

Should the system recommended in the document annexed be fully adopted, the savings is estimated at over \$40,000 annually. But in that event, the officers not needed should in justice be transferred to the Army, and the saving to the Government would fall short of that amount. In its hospitals and staff departments alone, a change of less extent as to officers would save the public more than \$10,000 annually; and a portion of the expensive call for new barracks presented in the estimates of the present year would be necessary. The appropriations of the last session for those at Philadelphia, was so expressed, that the¹ officers of the treasury did not feel authorized to allow.

Following these recommendations, in 1834, Congress provided that the Marine Corps "shall at all times be subject to the laws and regulations established for the better government of the Navy, except when detailed for service with the Army on order of the President." The Corps then assumed a role, not as a part of the Navy, but under the Secretary of the Navy, part of the Naval Establishment. There was no attempt to change this relationship in 1842 when the Congress reorganized the Navy Department, setting up a system of bureaus and providing for the business of the department to be spread among them. Although

¹U.S. Navy, Report of the Secretary of the Navy, Document Number 2, (Washington, D.C.: Navy Department, December 3, 1831), p. 41.

the bureau chiefs issued orders in the name of the Secretary, they received no authority over the Marine Corps.¹

Archibald Henderson was Commandant when the Seminole Indian Wars broke out in 1836, and he sailed south with his Marines, by legend leaving a note tacked on the front door of Marine Corps Headquarters.

Gone to fight the Indians. Will be back when the war is over.

A. Henderson
Col. Comdt.

In the resulting action he was breveted for bravery to Brigadier General, but could not collect the pay of his new rank. The Naval Appropriations Act in 1846 made specific reference to the Commandant when it said, "No payments shall hereafter be made to the colonel, or any other officer of the Marine Corps, by virtue of the commission of brigadier general by brevet."² This was not to be the last fight the Marines had with Congress over money.

One notable achievement during Colonel Henderson's tenure was the establishment of the first Marine Depot of Supplies in Philadelphia. Henderson died in office after serving 39 years as Commandant. His heirs had lived in the Commandant's home for so long they believed it to be his personal property.

¹Marine Corps Education Center Order P5410.1B, Organization for National Defense, (Quantico, Virginia: Marine Corps Schools, 1963), pp. 10-11.

²Heinl, Soldiers of the Sea, p. 41.

In 1874 the Marine Corps barely survived a bitter fight in Congress. The Corps' already thin budget was slashed from \$1,105,961 to \$877,616, and its officer strength reduced to 78. Three years later the Secretary of the Navy announced to the officers of the Navy and Marines, " . . . that the amount of money found by him in the Treasury of the United States . . . is insufficient to pay the officers for the months of April, May, and June."¹

The Corps continued to operate at minimal cost. In 1891 the cost to the government of supporting the Marine Corps Shore Establishment was only \$27,500.²

At times financial management and financial incentive seemed to extend to all levels. In 1900 Rear Admiral Kempff in a report on Marine participation in China's Boxer Rebellion wrote, "I would suggest a suitable medal for Major Waller and five per cent additional pay for life in various grades he may reach . . ."³

In 1906 Congress established Markmanship qualification pay for the Army and Marines, \$3 extra a month for expert riflemen. This was called "beer money" by the troops, and a heightened increase in markmanship developed; proving that Marines of that era were interested in money as a motivator.

In 1913 the Commandant's staff consisted of his aides, the Adjutant and Inspector, the Quartermaster, the Paymaster

¹Ibid., p. 41. ²Ibid., p. 98. ³Ibid., p. 134.

and about 20 enlisted clerks (who had to take a reduction to the rank of private on being ordered to Headquarters). When Colonel Barnett became Commandant in 1914 he created the billet of Assistant to the Commandant, and added three captains as an executive staff.¹ The Assistant Commandant under Colonel Barnett became Commandant in 1920. He did not like the state of things in the Corps and among other things he attacked was the fact that " . . . the lavish expenditures incident to war were to a great extent still prevalent."²

The Marine Corps became a byword for military economy when in the 1920's Commandant Lejeune often astounded Congress by voluntarily returning unspent money, a feat which made the legislative paths of future Marine budgeteers smooth for years to come.³

The Marine Corps continued to grow, expanding tremendously in World War II. Lieutenant General Thomas Holcomb became Commandant of an 18,000-man Marine Corps in 1936. The Corps numbered 391,620 when he left office in 1943.⁴

¹Ibid., p. 166.

²John A. Lejeune, The Reminiscence of a Marine, (Philadelphia: Dorrance, 1930), p. 461.

³Heinl, Soldiers of the Sea, p. 294.

⁴Heinl, Soldiers of the Sea, p. 358.

Battles at Home

One reason for Marine Corps economy is that the Corps has been constantly under attack. In addition to fighting various enemies of the Nation, the Corps has also fought the Army, the Navy, Presidents and Congress for survival. Andrew Jackson, Herbert Hoover, Theodore Roosevelt and Harry Truman all attacked the Marines.

Congress had considered abolition of the Marine Corps in 1829.¹ In 1831 the Secretary of the Navy recommended, "discontinuance of the Marine Corps or its transfer entirely either to the Army or the Navy."² In 1864 a congressional resolution was introduced to transfer the Marines to the Army.³ In 1899 the Corps was attacked from within the Navy and in 1908 President Theodore Roosevelt said, " . . . they (the Marines) should be absorbed into the Army, and no vestige of their organization should be allowed to remain."⁴

President Herbert Hoover never made a direct attack on the Marine Corps but practically crippled it with a 25 per cent budget cut. The Marine Corps Reserve nearly died of fiscal starvation, but reservists drilled without pay and even bought their own uniforms.⁵

¹Heinl, Soldiers of the Sea, p. 37.

²Ibid., p. 38. ³Ibid., p. 87. ⁴Ibid., p. 155.

⁵Volunteer Training Units of the Marine Corps Reserve still serve without pay, rendering valuable service to the Corps, with little compensation. The personnel in these units, mostly officers, can be promoted and do earn retirement points which can net them a small pension at age 60.

The Marine Corps like Kipling's "Tommie" was seldom politically attacked during large wars, but as soon as peace came, the Marines could look for another fight at home. After World War II the Marines fought with the Army, Navy and Congress, over size, organization, and subordination. Out of this fight came a clear definition of Marine mission, role and status in the newly formed Department of Defense. It was not a definition the Marine Corps particularly liked, but it has lived with it.

In 1950 while a Marine brigade saved the day in Korea's Pusan perimeter, Harry Truman said " . . . the Marine Corps is the Navy's police force and as long as I am President that is what it will remain. They have a propaganda machine that is almost equal to Stalin's."¹

Now that the Viet Nam war is winding down the question is again asked. "Why does the Navy need an Army, and why does the Navy's army need an Air Force?" The Marines could answer that they provide the American taxpayer with a force whose ground elements exceed in size the entire British Army, and whose aviation elements fly as many aircraft as the Royal Air Force, at a cost (in 1972) of \$1.8 billion.²

¹Heinl, p. 546.

²Brigadier General Edwin H. Simmons, USMC, "Planners, Programmers, and Budgeteers," The Federal Accountant, XVIII, No. 3 (September, 1969), pp. 43-44.

Recent Development

The Marines ended World War II, managing dollars in much the way they always had. Financial Management fell under the purview of the Paymaster and Quartermaster General. Field Commanders were not bothered by monetary considerations. Supplies were issued to them without charge, and when a commander needed an item the supply system did not carry, he wrote a request to the Quartermaster General. The Quartermaster General, who held the job of Fiscal Director of the Marine Corps as an additional duty, would decide on the merits of the case and make any necessary procurement at the headquarters level. All budgeting was done at Headquarters, and the budget was a shopping list of commodities and objects. From 1944 until 1955 Major General William P. T. Hill ran the supply and fiscal affairs of the Marine Corps with a hip pocket notebook backed up by a stack of old fashioned ledgers in his office. One authority claims that if a Marine at Headquarters wanted to mail an air mail letter, he had to go to General Hill and ask for stamps, which the General carried in his pocket.¹ Although the general did a memorable job, the practice of having the staff agency that accounted for resources also have the authority for purchases of such resources is not viewed as being conceptually sound.²

¹Frank R. Sanders, Undersecretary of the Navy for Financial Management, in an address at George Washington University, Washington, D.C., November 8, 1971.

²Brigadier General Edwin H. Simmons, USMC, "Budgeting in the Marine Corps," The Armed Forces Comptroller, XIV, No. 2 (April, 1969), p. 25.

Change was forced on the Marine Corps. The first Hoover Commission was established in 1947. It reported to the Congress that, "the budget and appropriation process is the heart of the management and control of the executive branch," and,

the maintenance of a huge military force and of enormous military budgets in peace time poses a severe problem. It introduces a new element into our social and political life; this spending, both as a drain on the taxpayers and as purchasing power, can vitally effect our economy. The degree of success in achieving efficiency of military operations and planning, economy in execution, and proper relationship of this new force to our political and economic fabric can make the difference between democracy and totalitarianism, both for our nation, and for the whole world.¹

In 1949 the National Security Act was amended to (among other things) establish the Assistant Secretary of Defense (Comptroller) and a comptroller in each of the three military departments. It provided that these comptrollers would be responsible for budgeting, accounting progress and statistical reporting, internal audit, and for the administrative organizational structure and managerial procedures relating thereto.²

Obviously the Marine Corps was out of step with the intent of this act which made performance budgeting part of the law. In 1952 Colonel David M. Shoup, a World War II Medal of

¹The Commission on Organization of the Executive Branch of the Government, The National Security Organization, a Report to the Congress, 1949, (Washington, D.C.: Government Printing Office, 1949), pp. 1-2.

²U.S. Statutes at Large, Vol. 63, part 1 (81st Congress, 1st Session, 1949), "National Security Amendments of 1949," Chapter 412, Sec. 11, p. 585, August 10, 1949.

Honor winner, was directed to develop a system of financial management that would meet both the new legal requirements and the needs of the Marine Corps. After six months of study he recommended the organization of a separate Fiscal Division at the General Staff Level. He was then promoted to Brigadier General and appointed to the job of Fiscal Director of the Marine Corps. His deputy was a civilian, Mr. James F. Wright.¹

A former Deputy Fiscal Director describes the sudden emergence of Financial Management in the Marine Corps:

Back in 1953 they took on the whole bag at once-- performance budgeting, comptrollers, stock fund, industrial fund, field allotments--the whole business, although not all of these things were implemented immediately.

The Marine Corps established its stock fund on 1 July 1953. There are now over 400,000 items capitalized into the fund. (The Marine Corps Industrial Fund did not really get underway until 1 July 1968 when the repair activities at the Marine Corps Supply Centers at Albany, Georgia, and Barstow, California, went on an industrial fund basis.)

By 1953 we were making allotments to field commanders; that is, operating funds were made to flow through the chain of command. In addition to having the responsibility for budgeting and accounting for these allotments, field commanders were given increased authority as to their use. The result was that field commanders had much more financial freedom of action than they ever had before.

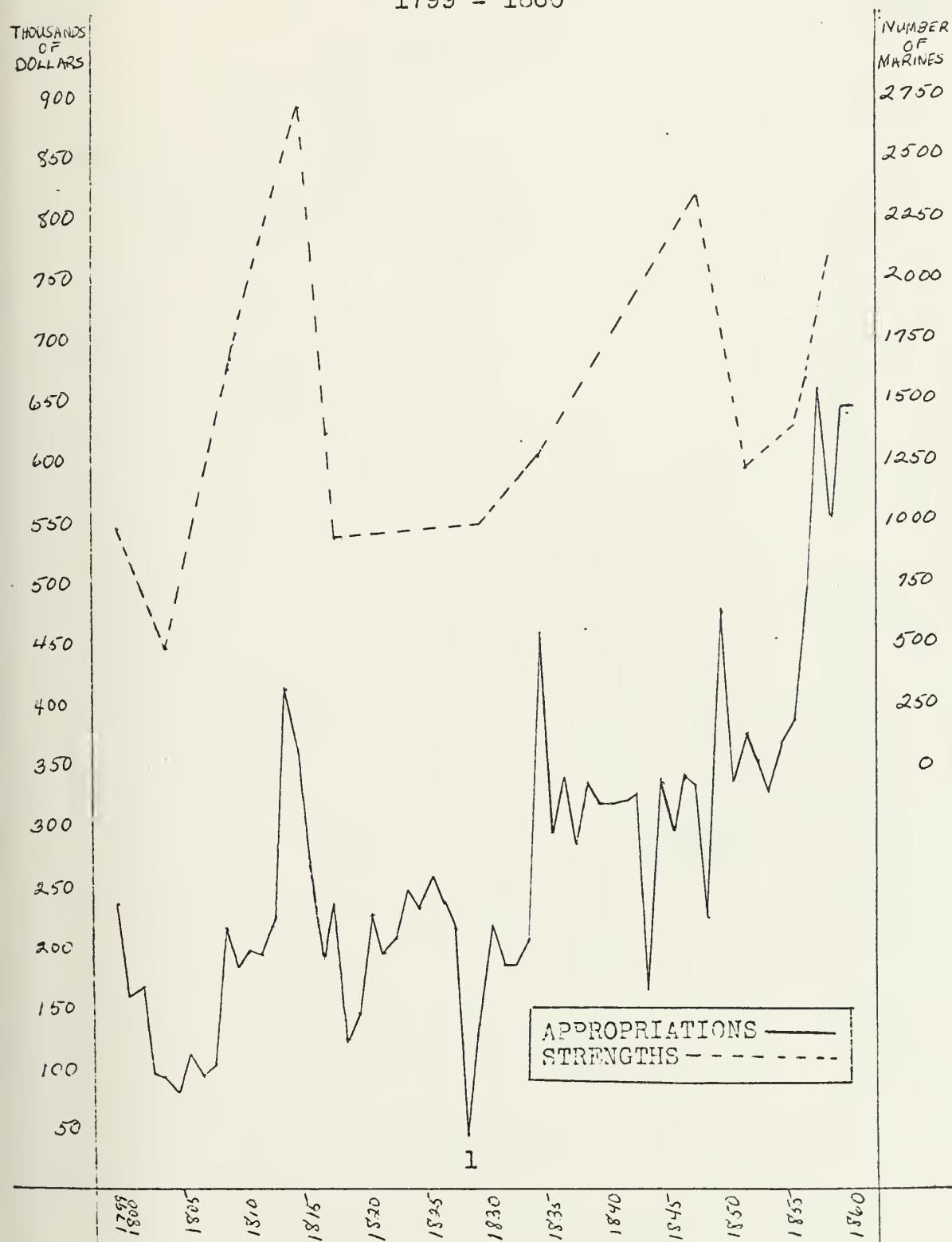
In 1956 we established comptrollers at ten of the major Marine Corps commands. Since that time the number has grown until now every command of significant size has one.

¹Brigadier General Edwin H. Simmons, USMC, "Budgeting in the Marine Corps," The Armed Forces Comptroller, XIV, No. 2 (April, 1969), p. 24.

In 1955 Major General Shoup left his job as Fiscal Director and went on to later become the twenty-second Commandant of the Marine Corps. In 1962 Mr. Wright became the Fiscal Director while his former superior General Shoup was Commandant. Mr. Wright was the first Marine Corps employee to reach super-grade status and he is the only civilian who heads a general staff activity. Regulations now provide that if the Fiscal Director is a Major General his deputy will be a GS-17 civilian, and if the Fiscal Director is a civilian he will hold the GS-18 grade, and his deputy will be a Brigadier General. Mr. Wright occupies a unique position. In the annual picture of the Marine General Officer's Symposium, one man in civilian clothes stands out, Mr. Wright. The Marine Corps insists that its comptrollers be unrestricted line officers, but makes an exception for its Fiscal Director.

Charts 1 through 3 show the annual appropriations for the Marine Corps by Congress, and the corresponding strengths of the Corps. Examination of the table shows that the Marine Corps and its appropriations both grew in time of war, and although they were reduced after the war ended, the Corps and its purse was seldom reduced to its pre-war size. For a Corps that has often been at war in what the rest of the country considered "peaceful" times, this meant an ever expanding and contracting budget, and large fluctuations in personnel strengths.

CHART 1

MARINE CORPS APPROPRIATIONS AND PERSONNEL STRENGTHS
1799 - 1860

¹1828 appropriations were for one-half year, as the appropriations period shifted from a calendar to a fiscal year.

CHART 2

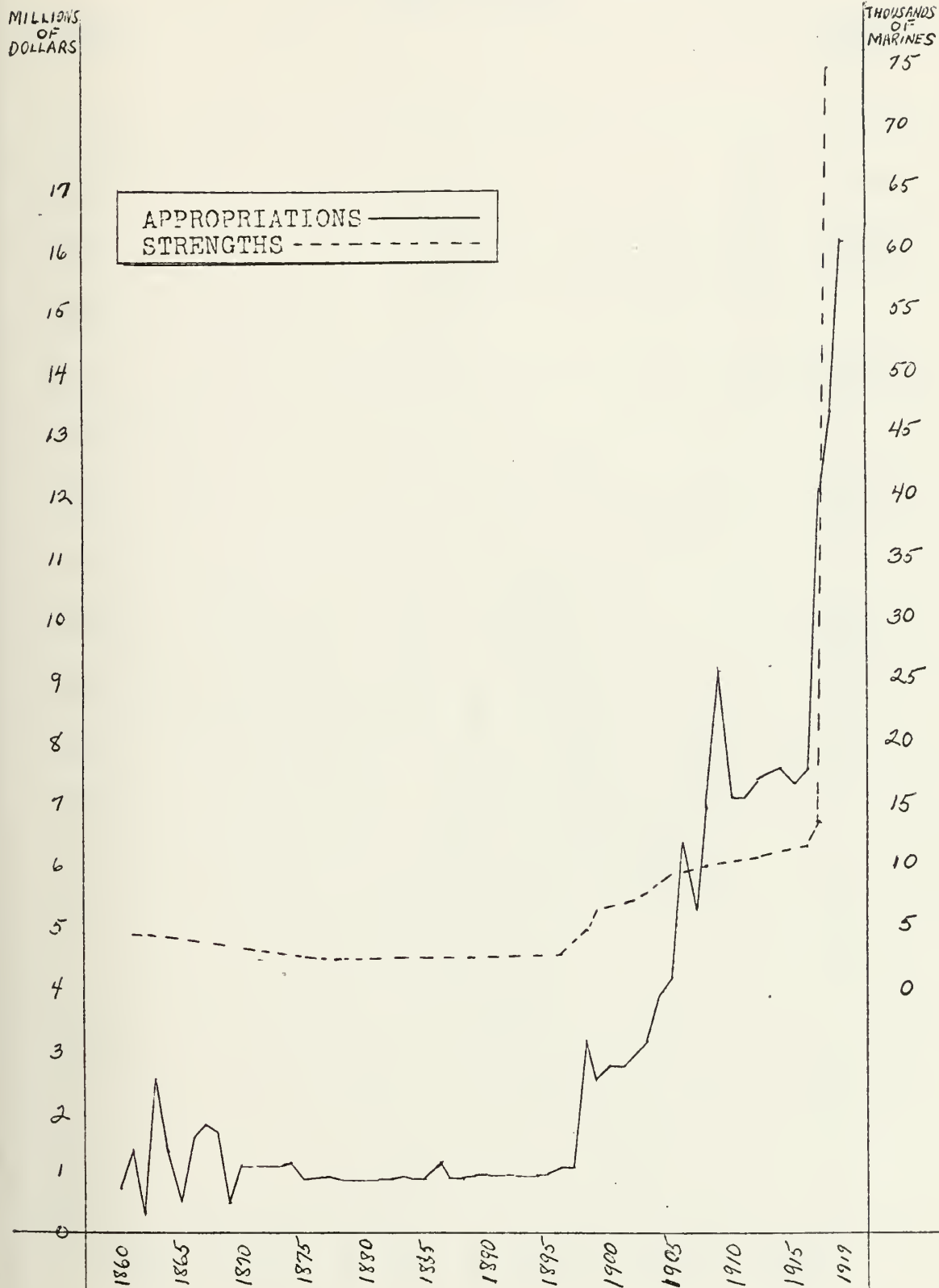
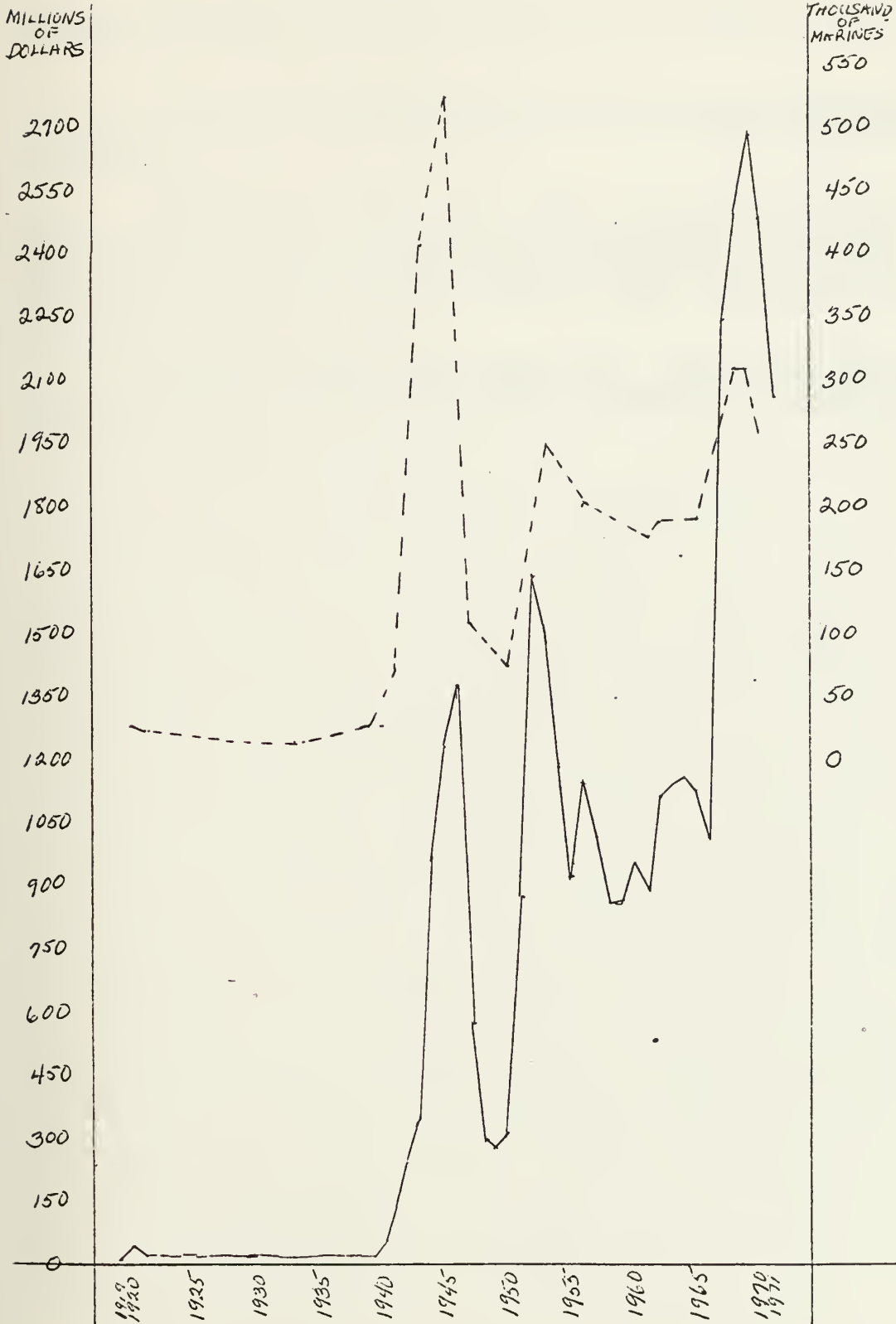
MARINE CORPS APPROPRIATIONS AND PERSONNEL STRENGTHS
1860 - 1919

CHART 3

MARINE CORPS APPROPRIATIONS AND PERSONNEL STRENGTHS
1919 - 1971

Sources - Charts 1, 2, 3:

U.S. Statutes at Large, First through Ninety-First Congress, Volumes II through LXXXIII (Washington, D.C.: Government Printing Office, 1946-1971).

U.S. Navy, Reports of the Secretary of the Navy, Document Numbers 2-71 (Washington, D.C.: Navy Department, 1831-1901).

Major E. N. McClellan, USMC, "History of the United States Marine Corps," Unpublished, mimeographed, bound history, Vol. I-IV maintained at the Historical Library, Headquarters, United States Marine Corps, Washington, D.C., 1925-32.

Colonel Robert Debs Heinl, Jr., USMC, Soldiers of the Sea, (Annapolis, Maryland: United States Naval Institute, 1962), 610-611.

From this abbreviated history we can see one distinct legacy handed down to modern Marines: economy. From a Commandant who was concerned about 34 cents postage, and another who gave unspent money back to Congress, and from many other Marines came a tradition of giving "the most bang for the buck."

Financial Management Structure in the Marine Corps

Defense Department Structure

In order to understand the structure of financial management in the Marine Corps, we must first look at the structures within the Department of Defense, and then at various levels in the Department of the Navy and the Marine Corps.

There is no "financial management chain of command" as such. Financial Managers with their varying titles all serve as functional staff officers for a particular commander or manager. There is of course a staff hierarchy which starts with the Assistant Secretary of Defense (Financial Management), who occupies one of the ten top level positions within the Defense Department. He advises and assists the Secretary of Defense in the performance of budgeting and fiscal functions.

The Secretaries of the Army, Navy and Air Force are immediately subordinate to the Secretary of Defense. All three have Assistant Secretaries for Financial Management. The Office of the Navy Comptroller falls directly under the Assistant Secretary of the Navy (Financial Management), i.e., the Assistant

Secretary is also the Navy Comptroller. This is not true in the Army and Air Force where the Comptroller occupies a separate lower staff position under the Chief of Staff. In addition to the structural difference there is also a staffing difference; the Army and Air Force have military comptrollers with civilian deputies, and the Navy has a civilian comptroller with a military deputy. The result is that in the Army and Air Force, military comptrollers work for the uniformed heads of those services, and in the Department of the Navy a civilian comptroller is civilian Secretary.

The Blue Ribbon Defense Panel found that the way in which the Navy combines the functions of the Comptroller and the Assistant Secretary for Financial Management avoids duplicative assignment of functions. It charged that there were numerous duplications of assignments of comptroller-type functions between the Assistant Secretary (Financial Management) and the military comptroller in the Department of the Army and the Department of Air Force.¹

The existence of the Marine Corps is in part the reason for these structural differences. The Navy Department has two separate branches of the Armed Forces to manage, the Navy (under the Chief of Naval Operations) and the Marine Corps (under the Commandant of the Marine Corps).² The Commandant of the Marine

¹Report to the President and the Secretary of Defense on the Department of Defense by the Blue Ribbon Defense Panel, Gilbert W. Fitzhugh, Chairman, (Washington, D.C.: Government Printing Office, 1970), pp. 38-39.

²Frank R. Sanders, Address at George Washington University, November 8, 1971.

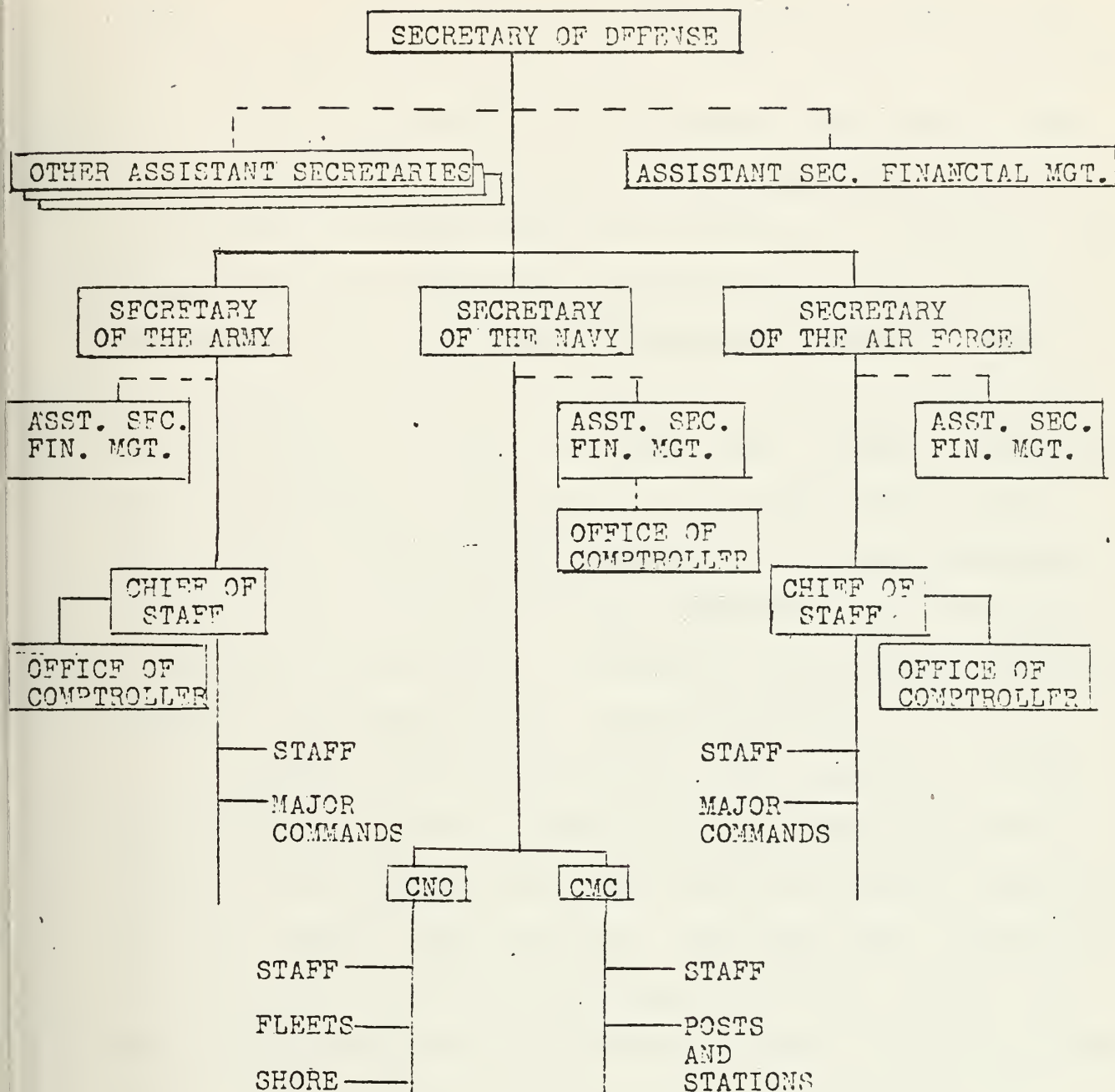
Corps is in no way subject to the Chief of Naval Operations and his staff. All elements of the Army and Air Force fall under their respective Chiefs of Staff, but the Navy and Marines are co-equal under the Secretary of the Navy. Consequently, the Financial Management staff hierarchy must proceed directly from the Assistant Secretary level to the headquarters staff of the two separate armed forces branches, since there is no intervening overall Chief of Staff (see Figure 1).

One other pertinent organizational point concerns the internal audit function, conducted at the Navy Department level, and not delegated to subordinate units. The Naval Audit Service falls directly under the Comptroller of the Navy, and has its own independent chain of command. Subordinate offices of the Audit Service conduct auditing throughout both the Navy and Marine Corps. Consequently the Marine Corps does not find it necessary or even desirable to have an internal audit agency.¹ The Marine Corps interfaces with the Naval Audit Service, the Department of Defense Internal Audit Branch, and of course the General Accounting Office, carefully reviewing and analyzing their recommendations. Marine officers are assigned to the Naval Audit Teams to provide expertise for audits of Marine units.² All of the auditing agencies are expanding from mere fidelity audits to management audits and the Marine

¹Redfield, "Financial Analysis and Review," p. 5.

²Marine Corps Order P7300.9B, Financial Guidebook for Commanders, p. 44.

FIGURE 1



Source: Office of the Assistant Secretary of the Navy (Financial Management), "Financial Management in the Department of the Navy," Unpublished instructional material, Washington, D.C., 1970.

Corps " . . . feels it derives maximum benefit from the professional and detached viewpoints of these external agencies."¹

The Fiscal Director of the Marine Corps makes a distinction between the functions of Comptroller and Fiscal Director, maintaining that the Fiscal Director is responsible for fiscal policy and administration while Marine Corps comptrollers have a deeper interest in management details.² However, the Assistant Secretary of the Navy for Financial Management views the Fiscal Director, as "among other things, a comptroller."³ Mr. Sanders noted that the U.S. Navy did not have a Comptroller or Fiscal Director below the Assistant Secretary level, but that the Chief of Naval Operations was developing a budgetary office at this level which would perform functions similar to the Marine Corps' Fiscal Director.⁴

Figure 2 shows the organizational structure of Headquarters Marine Corps, and shows that the Fiscal Director is located at the General Staff Level, and has co-equal status with the other General Staff officers. The other staff officers at this level are titled Assistant Chief of Staff, while, as we have already seen, the top financial manager is titled a Fiscal

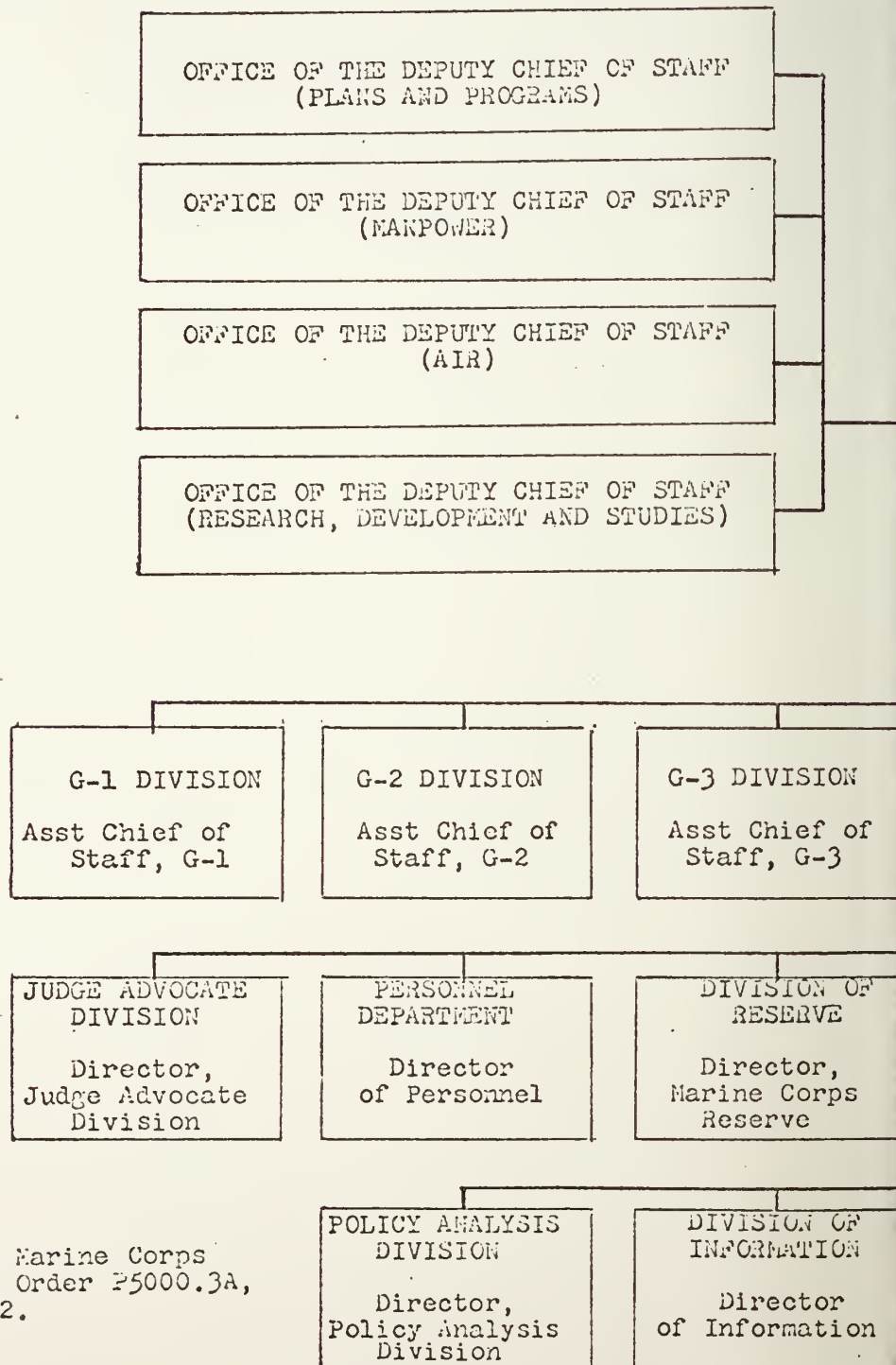
¹Redfield, "Financial Analysis and Review," p. 5.

²James F. Wright, "Financial Management is Inherent in Marine Corps Command," Navy Management Review, (July, 1967), p. 21.

³Frank R. Sanders, Address at George Washington University, November 8, 1971.

⁴Ibid.

Figure 2

HEADQUARTERS UNITED STATES MARINE CORPS¹

¹U.S. Marine Corps
Headquarters Order P5000.3A,
Chap. I, p. 2.

OFFICE OF THE COMMANDANT

Commandant of the Marine Corps
 Assistant Commandant of the
 Marine Corps
 Military Sec'y to Commandant
 Sgt. Major of the Marine Corps

MARINE CORPS BOARDS
AND COMMITTEESOFFICE OF THE CHIEF OF
STAFF

Chief of Staff
 Secretary of the General
 Staff

STAFF ASSISTANTS

Legislative Assistant
 Director, Systems
 Support Group
 Director of Women
 Marines
 Staff Medical Officer
 Staff Dental Officer
 Staff Chaplain
 Counsel for the
 Commandant of the
 Marine Corps

G-4 DIVISION

Asst Chief of
 Staff, G-4

FISCAL DIVISION

Fiscal Director

MARINE CORPS
 COMMAND CENTER
 Director,
 Marine Corps
 Command Center

SUPPLY DEPARTMENT

Quartermaster
 General

ADMINISTRATIVE
 DIVISION
 Director,
 Administrative
 Division

HISTORICAL
 DIVISION
 Director,
 Marine Corps
 History

INSPECTION
DIVISION

Inspector
 General

DATA SYSTEMS
 DIVISION
 Director,
 Data Systems
 Division

Director. One researcher speculated that this was because the Fiscal Director was a civilian,¹ but history shows that the title of Director was also applied to Marine generals who held that office from 1953 to 1962.

A higher echelon of staff hierarchy exists at Headquarters, Marine Corps: that of the four Deputy Chiefs of Staff. Their position is contrasted with that of the Assistant Chief of Staff by the word Deputy which connotes greater autonomy and freedom of action. A deputy is delegated the authority of the Chief of Staff within a specific functional area, that is, he has authority over members of the General Staff within the narrow constraints of his particular function, while the Assistant Chief of Staff has no authority over other staff members outside of his particular division, section or branch. The Fiscal Director's highest ranking subordinate is a Deputy Director and not an assistant. Comptrollers at lower echelons of command are at the General or executive staff level. While the other four members of General staffs have the title of Assistant Chief of Staff, the financial managers go only by the title Comptroller. Ordinarily there are no Deputy Chiefs of Staff at other than Headquarters Marine Corps level.

¹Thomas H. Shannon, "A Critical Evaluation of Control-
lership in the Marine Corps," (unpublished Master's Thesis,
George Washington University, 1971), p. 26.

Fiscal Division, Marine Corps Headquarters

To start with, the office performing the comptroller function at Marine Corps Headquarters, calls itself Fiscal rather than Comptroller. The connotation between these two words reflects the Marine Corps philosophy regarding financial management. A Marine financial manager addressed this distinction:

In the Marine Corps, the word 'fiscal' connotes the collection, accounting, analysis and dissemination of financial information for use by a commander; the word 'comptroller' on the other hand, connotes the collection, accounting, analysis, and dissemination of such information for control of a commander. Marine Corps philosophy is that financial management is a part of balanced staff action: it does not determine mission but rather is a primary consideration in the means and time-phasing of its accomplishment.¹

This same author pointed out other Marine objections to the word "comptroller." First was that the Navy Department had a comptroller and it was important that departmental functions not be duplicated within the Marine Corps. Second, was that the Marines have no desire to create an all powerful Comptroller division that both makes and executes policy.²

Figure 3 shows the organization chart for the Fiscal Division, Headquarters, Marine Corps. The mission of the Director is stated as:

The Fiscal Director of the Marine Corps is responsible to the Commandant of the Marine Corps for the formulation

¹Redfield, "Financial Analysis and Review," p. 5.

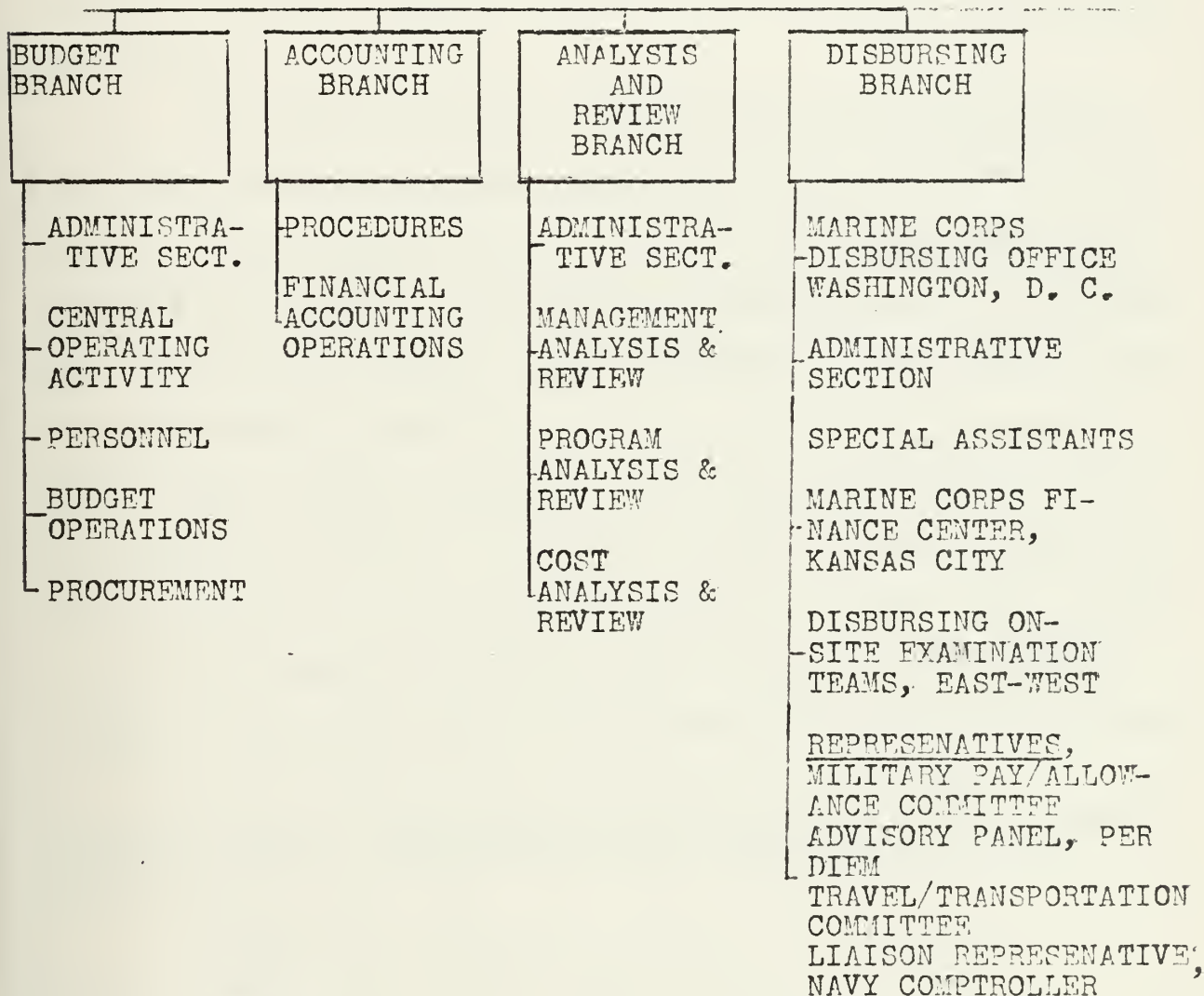
²Ibid., pp. 5-6.

FIGURE 3

FISCAL DIVISION, HEADQUARTERS MARINE CORPS¹

BUDGET ADVISORY
GROUP MEETS BY
DIRECTION OF CMC
ON CALL OF THE
FDMC. COMPRISED
OF: G-1, G-3, G-4,
QUARTERMASTER GEN.,
DIRECTOR USMCR,
DIRECTOR PERSONNEL,
DEP. CHIEF OF STAFF
(AIR), DIRECTOR
ADMINISTRATIVE DIV.

FISCAL DIVISION
FISCAL DIRECTOR OF THE MARINE CORPS
DEPUTY FISCAL DIRECTOR
EXECUTIVE OFFICER



¹U.S. Marine Corps Headquarters Order P5000.3A, Chap. 6,
p. 2.

of fiscal policy and for fiscal and disbursing administration in the Marine Corps, to the end that fiscal and disbursing actions, policies and procedures of the Marine Corps will be in conformity with law, good business practice, and applicable policies, procedures and regulations issued by higher authority.¹

The Deputy Fiscal Director (a Marine brigadier general) assists the Fiscal Director in all matters pertaining to the performance of the functions of the Fiscal Division, while an Executive Officer (a colonel) assists the Director in internal management of the Fiscal Division.² There are four branches within the Fiscal Division: Budget, Accounting, Disbursing, and Analysis and Review,

The Budget Branch is divided into two administrative sections and four operating sections: Plans and Review, Personnel, Budget Operations and Procurement. The Budget Branch assists the Director in formulating, justifying and executing the Marine Corps Budget, and also prepares fiscal guidance for the Commandant's Staff.³

The Accounting Branch (the only branch headed by a civilian) is charged to assist the Fiscal Director in all matters pertaining to the performance of the fiscal, cost, plant, and stores accounting and reporting available to the Marine Corps. It is split into the Procedures Section and the Financial

¹U.S. Marine Corps Headquarters Order P5000.3A, Headquarters Manual, (Washington, D.C.: Government Printing Office, 1964), pp. 3-6.

²Ibid., pp. 5-6.

³Ibid., pp. 5-7.

Accounting Operations Section.¹ This branch provides a data base for management information provided to Marine Corps Headquarters, and field activities, and for reports to higher authority.²

The Analysis and Review Branch prepares analysis of Marine Corps plans and programs, provides staff coordination for the General Accounting Office, Department of Defense and Naval Audit Service audits, and management surveys of Marine Corps activities. It coordinates staff action on the fiscal aspects of the Five Year Defense Program and the Marine Corps International Balance of Payments programs, implements and administers the Selected Acquisitions and Information Systems (SAIMS), provides a centralized cost analysis capability, evaluates or validates Marine Corps cost information used in Defense Department cost models, and conducts special projects for the Fiscal Director.³ The Analysis and Review branch consists of four sections: Administrative, Management Analysis and Review, Program Analysis and Review, and Cost and Analysis and Review.⁴

The Disbursing Branch administers, coordinates, and supervises the disbursement of Marine Corps funds.⁵ A member

¹Ibid., pp. 6-13.

²Wright, "Financial Management is Inherent in Marine Corps Command," p. 89.

³Redfield, "Financial Analysis and Review," pp. 4-5.

⁴U.S. Marine Corps Headquarters Order P5000.3A, pp. 6-24.

⁵Ibid.

of this branch sits on the Defense Department Military Pay and Allowance Committee and the Advisory Panel of the Per Diem, Travel, and Transportation Allowance Committee.¹

Other Headquarters Structure for Financial Management

The Fiscal Division handles most, but not all of the financial management details at Headquarters, Marine Corps. An appropriation and budget project sponsor system parallels staff responsibility, so that a coordinated, integrated determination of budget requirements and preparation of estimates can be accomplished.

There are three appropriation sponsors at Headquarters, Marine Corps. They are the Assistant Chief of Staff, G-1, the Director of Reserve, and the Assistant Chief of Staff, G-4. These three appropriation sponsors receive input from a number of budget project sponsors for consolidation and submission to the Fiscal Director for review. Following approval by the Commandant they are submitted for the Navy Comptroller, Secretary of the Navy, and other reviews on the way to congress.²

The Fiscal Director's staff at Headquarters, Marine Corps is large, carefully organized and involved in all aspects of staff functioning. The Fiscal Director is presently a civilian whose long experience and ideal qualifications especially suit the job. The Fiscal Division operates on the General

¹Wright, "Financial Management is Inherent in Marine Corps Command," pp. 20-21.

²Ibid., pp. 21-22.

Staff level. An alternative position, with the Fiscal Director a Deputy Chief of Staff would place him at a higher level, with more authority and easier access to the Commandant of the Marine Corps. Apparently little consideration has been given to such a reorganization, even though the Financial Managers at the Department levels occupy such a position (in terms of authority and access). The Marine Corps, which historically operated efficiently without a detailed Financial Management structure, apparently finds it most economical to have no larger financial management structure than required by external directives and demands. The large, professionally staffed organization at Headquarters centralizes much of the Financial Management function within the Marine Corps, with the apparent intent of relieving subordinate commanders of as much of the financial management burden as possible.

Structure of Financial Management in the Field

In addition to the staffing of the Office of the Fiscal Director at Headquarters, all Marine commands have financial management billets that must be filled. A few comptroller jobs are filled by civilians; the rest are manned by Marines. At lower level organizations financial management is handled by a Fiscal Officer which may be a primary, or additional duty for the assigned officer.

There are many other financial management billets. A few examples include: Financial Analysts at high level commands, Fiscal Representatives at special activities, and Marine Liaison Officers with the Naval Audit Service.

Financial managers do not handle their complex duties alone, but instead usually head or are a part of a staff. To gain some insight into financial management at command levels, an examination of several typical organizations will be helpful.

Headquarters, Fleet Marine Force, Pacific currently commands over two thirds of Marine Corps operating forces, including those in the Western Pacific-South East Asia area. It has a colonel Comptroller, with a staff of six officers and ten enlisted men. This staff is sub-divided into three subsections, Administrative, Budget Analysis, and Statistical.¹

The next lower level, a Marine division also has a comptroller of colonel rank, assisted by four officers and eleven enlisted men, who are subdivided into a Budget and Analysis Division, and an Accounting unit.² Marine divisions, aircraft wings, brigades, force troop units, and force headquarters are staffed only with military personnel, as they are subject to rapid deployment to "where the action is." The

¹U.S. Marine Corps, Table of Organization M4728, Force Headquarters, Headquarters and Service Battalion, Fleet Marine Force of 24 Feb 1966, updated 20 Jan 1971, (Washington, D.C., 1966).

²U.S. Marine Corps, Table of Organization M1986, Division Headquarters, Headquarters Company, Headquarters Battalion, Marine Division, Fleet Marine Force, of 22 June 1967 updated 23 Dec 1970, (Washington, D.C., 1967).

Marine Corps Supply Center, which is an Industrial Fund Activity, has a lieutenant colonel Comptroller, a GS-14 civilian deputy, and a total staff of three officers, two enlisted men, and 62 civilians. The section consists of an Internal Review and Special Project Branch, a Budget Reports and Statistical Branch, and an Accounting Branch.

Marine Corps operational units are assigned to one of two "type commanders," who both fall under operational command of Navy Fleet commanders. Fleet Marine Force Atlantic commands one Marine Division, one Marine Aircraft Wing, and a Force level supporting command called Force Troops. Fleet Marine Force, Pacific commands two divisions, two aircraft wings, and one force level support command. Comptrollers at Fleet Marine Force level maintain a staff relationship directly with the Fiscal Director at Headquarters Marine Corps. Division, wing, brigade, and force troop Comptrollers deal, on a staff basis with a Fleet Marine Force Headquarters. Below these command levels there are no comptrollers, but each organization down to battalion and squadron level has a Fiscal Officer, under the staff cognizance of the S-4 (Logistics) Officer. The operating forces travel as lightly as possible as far as staff officers are concerned. In Danang, Republic of Viet Nam, the First Marine Division Headquarters was occasionally exposed to enemy small arms fire, as well as longer ranged rocket and mortar fire. Comptrollership still received a great deal of emphasis at that

headquarters in the management of resources, but financial management was seldom an operational consideration. Marine Corps Headquarters and Fleet Marine Force (Pacific) relieved the fighting units in Viet Nam of much of the financial management burden.

The Marine Corps operates fifteen posts and stations. These bases are training facilities, homes for tenant operational organizations, or logistical facilities. Their functions lend themselves to easier application of financial management techniques. They have measurable inputs and outputs. For example, the Marine Corps' two Recruit Depots have an annual input of recruits, and an output of trained Marines, with measurable, identifiable expenses. In contrast, the output of the operating units is very hard to quantify, at least in peace time. When not actually engaged in combat, their output is readiness, a hard commodity to measure.

Marine Corps Appropriations

The organization and structure of financial management institutions within the Marine Corps is to some extent a function of the systems by which funds are appropriated and administered. The Marines receive four direct appropriations: Military Personnel, Marine Corps; Reserve Personnel, Marine Corps; Operations and Maintenance, Marine Corps; and Procurement, Marine Corps. These appropriations are referred to as "Green dollars"

in order to differentiate them from the "Blue dollars" which are funds appropriated to Navy budgets and sub-alloted to Marine organizations. For example, Marine aircraft are purchased from Procurement of Aircraft and Missiles, Navy appropriations, and formerly Marine aviation operations were almost completely funded with "Blue dollars." The Marine Corps paid the salaries, subsistence, and quarters allowances of its aviation Marines, and for those items peculiar to Marine operations, (rifles, tents, ammunition for ground weapons, etc.). In June of 1970 a portion of these "Blue dollars" for Air Station Operations were realigned to Marine Corps management. The effect of this move is significant. In Fiscal Year 1972 the Marine Corps had a budget ceiling of \$1.7 Billion dollars, which included \$60 million for Air Station Support. Formerly, this would have been an additional \$60 million worth of "Blue dollars" for the Marines, but now the \$60 million will come from the already scarce "Green dollars."¹

Some Marine organizations receive portions of the Operations and Research and Development, Navy appropriation, and Marine facilities are constructed and repaired with Military Construction, Navy funds. There are other areas where Marines benefit from "Blue dollars" that are not easily visible. Marine aviation personnel are trained in Naval Air Training Commands,

¹Brigadier General Charles S. Robertson, U.S. Marine Corps, an address to the Marine Corps Command and Staff College, Quantico, Virginia, February 9, 1970.

and much of the weaponry and equipment for Marines is developed, tested or improved with "Blue dollars."

The Corps also shares in some Department of Defense appropriations (whose dollars have not yet been christened with a color by Marines). These include benefits received from such appropriations as Family Housing, Defense, and Retired Pay, Defense.¹

A Marine student at George Washington University described the Fiscal Division at Headquarters, Marine Corps " . . . as large, precisely organized, and comprehensive in the range of its functions," and concluded that:

With minor exceptions only the Operations and Maintenance Marine Corps, is budgeted and accounted for on the field level. This situation in itself dictates that a large share of the comptroller function must be performed on the Headquarters level.²

Budgeting in the Marine Corps

The budget cycle begins when the Secretary of the Navy receives budget guidance from the Secretary of Defense. The Secretary of the Navy issues Annual Program objectives which set forth goals to be accomplished in the year for which the budget is prepared. Budget estimates are prepared by staff officers at Headquarters, Marine Corps. The estimate for the

¹Brigadier General Edwin H. Simmons, USMC, "Planners, Programmers and Budgeteers," The Federal Accountant, XVIII, No. 3, (September, 1969), pp. 45-46.

²Shannon, "Controllershship in the Marine Corps," p. 35.

Operations and Maintenance, Marine Corps appropriation is formed from operating budget estimates developed by field commanders, and Headquarters Marine Corps estimates for centrally managed programs.

The field commander prepares his estimate based on annual field budget guidance published by the Commandant of the Marine Corps in November and March. Field commanders aggregate the requirements of their subordinate commands or cost centers and then forward their aggregations to the next highest commander. Estimates are successively reviewed and aggregated until an ultimate grand aggregate is developed for the whole Marine Corps.

Budget execution is accomplished by distributing authorization to obligate funds by an Operating Budget Fund authorization issued by the Commandant to field commanders. A Mid-Year Review is conducted during the third quarter of the Fiscal year to aid in the re-programming of funds and requests for supplemental appropriations.

The budget cycle begins 18 months prior to budget execution. A complete cycle sees the departmental budget reviewed three times. Field commanders and their comptrollers play an important part in the preparation of the Operations and Maintenance budget.¹

¹Colonel E. Y. Holt, USMC, "Operations and Maintenance, Marine Corps," Armed Forces Comptroller, XVIII, No. 4 (Winter Issue, 1972), pp. 10-14.

Philosophy Concerning Marine Corps
Financial Managers

The major financial management billets in the Marine Corps are not filled by professional comptrollers. There are no professional comptrollers in Marine uniforms. This was stated in a Marine Corps Order:

The Marine Corps has founded its philosophy of financial management upon the principle that financial management is inseparable from command. This merely extends the basic military axiom which states that a commander is responsible for everything and everybody in his organization. We use it as the cornerstone not only of our philosophy but also our operating policy.

Because the Marine commander is responsible for everything his command does or fails to do, he must make the vital fiscal decisions. He must recognize the power and necessity of dollar controls. He must know how to use them. But also he must keep financial management in proper perspective as a part of balanced staff action. He must never let it escape from his control nor become the "tail that wags the dog." In this regard he should recognize that financial management has no bearing on the determination of mission but rather is a primary consideration in determining both the means and time-phasing of its accomplishment.

POLICY

To assist the commander in financial management the Marine Corps has established at Headquarters Marine Corps and its larger commands, a general staff level financial organization to act as the principle financial advisor to the commander. Assignment to comptroller billets at field activities is predicated upon broad command and staff experience and is given to unrestricted line officers. Although officers are sent to postgraduate training in naval financial management, such training is oriented toward broadening their perspectives--not to the making of a corps of comptrollers. However, selected financial management billets within the Marine Corps have been designated to be occupied by officers having postgraduate training, and the applicable T/O's have

been annotated accordingly. Generally, graduates are not assigned repetitive tours in financial management for the objective is to provide as many prospective commanders as possible with this experience.¹

Why such a policy? It is based on a concept of financial management unique to the Marine Corps, one that makes a careful distinction between "command" and "management." Brigadier General Simmons, an infantryman by trade, wrote, when he was Deputy Fiscal Director of the Marine Corps:

Perhaps in a civilian agency, the distinction [between "command" and "management"] is not so important, perhaps it cannot even be made, but in the military services it is very important. I suspect strongly that some of our present major problems could be traced to the blurring of the line between "command" and "management."

To us in the Marine Corps, this means we must be constantly alert to insure to the best of our ability that functional managers do not usurp or further erode the authority of the commander.²

This philosophy was further expressed in an article by another infantryman who has served several tours of duty as a financial manager. He sees a danger in having a group of uniformed specialists who repetitiously perform the duties of financial management, and cites two factors. First, the possibility that the specialists will:

become fascinated with the techniques of financial management and lose sight of the facts that financial management is a means to an end, and not an end in itself, and that money must be considered in its proper relationship with the other aspects of command.³

¹Marine Corps Order P7300.9B, Financial Guidebook for Commanders, pp. 1-2.

²Simmons, "Planners, Programmers and Budgeteers."

³Colonel Roscoe L. Barrett, Jr. USMC, "Financial Management Education in the Marine Corps," Armed Forces Comptroller, XIV, No. 1, January, 1969, p. 23.

In the second place he expresses the Marine Corps philosophy that financial management is a function of command, and as such must be the responsibility of, and responsible to the commander. He states this eloquently:

Just as the outcome of a battle is a function of the commander's skill in the application of combat power at a particular point in time, the quantity and quality of the combat power available to him are functions of his skill in the management and applications of resources, including financial, over a period of time.¹

The Marine Corps philosophy then, is that financial management is inseparable from command, and that the commander is the true financial manager, assisted by a staff specialist Comptroller or Fiscal Officers. The point is clearly made. The Marines will not have key financial managers who have specialized in that endeavor throughout their careers. Officers who are selected and trained as financial managers will not spend repetitive tours in financial management billets. What is the effect? Obviously Marine Corps financial managers will not know as much about money management as they would if they were only financial managers. However, they will know more about the organization they are helping to manage. A Marine who alternates tours between financial management with assignments as an aviator, artilleryman, or infantryman, will be hard pressed to keep up with the latest techniques of dollar management, but at the same time, will more fully understand the effects the application of financial management techniques will have.

¹Ibid., pp. 23-24.

Hopefully, the policy of assigning officers who will later be eligible for command to financial management billets, will produce future commanders who are well versed and experienced in financial management.

CHAPTER III

TRAINING AND PREPARATION FOR
FINANCIAL MANAGEMENT BILLETS

The George Washington University Course

In theory most Marine officers occupying key comptroller and financial management billets are graduates of the Navy Financial Management Course at George Washington University, or of similar courses conducted elsewhere. The course at George Washington consists of 48 graduate credit hours, including Accounting, Statistics, Economics, Management, Human Behavior, Data Processing, Budgeting, Purchasing, Quantitative Factors and Financial Management. This course is oriented towards the civilian business world, and provides practically no technical training in military finance. The 48 hours are completed in twelve months at the George Washington campus in Washington, D.C. Approximately 30 Marine, Navy and Coast Guard officers comprise the class. The normal input for Marines is from five to nine. The courses offered are identical to courses offered to other students in the university, and are taught by regular faculty members. Instead of attending classes with other students, the Navy financial Management students attend class together as a single group. The program is not billed as a

training course, but is described as " . . . a broad educational experience designed to broaden the student's horizon, add to his perspective, and understanding, and stimulate his intellectual curiosity."¹ The George Washington University course does not attempt to educate the student in military applications of financial management, but rather provides him with the theory of financial management. Other military schools are available to teach the mechanics of military resources management. One that many Marines attend is the Department of Defense sponsored Defense Management Systems Course at Monterey, California's U.S. Naval Postgraduate School. One comptroller evaluated this course:

This 4 week course stressed PPBS and Prime at DOD level and really started me off on the right foot. I intend to send my deputy and budget officer to this course during this FY (budgeted for naturally). If you understand the big picture the local picture fits into place.²

Special Education Requirements

This course is one of those contained in the Marine Corps' Special Education Program (SEP). Four hundred and sixty-two officer billets in the Marine Corps are designated as having a "Necessary" Special Education Requirement, and 80 are designated

¹Commander R. J. O'Shaughnessy, U.S. Navy, Senior Class Officer, Navy Graduate Financial Management Program, 1971, mimeographed Information Phamplet, (George Washington University, May, 1970), pp. 1-4.

²Reply to survey of Marine Corps Financial Managers, (Respondents were promised they would not be identified with their comments), August, 1971.

as having a "Desirable" Special Education requirement.¹ The "necessary" classification indicates a higher priority for assignment of "SEP qualified" officers.

"Special Education" generally involves postgraduate training in a specific discipline in order to meet a billet that meets one of the following criteria established by the Commandant of the Marine Corps.

A. Billets which are required by law, or Department of Defense policy, to be filled by individuals possessing graduate level education in a relevant field of study.

B. Billets in which the primary duties of the incumbent cannot be satisfactorily performed except by individuals possessing qualifications which can be acquired only through special academic education in a relevant field of study.

C. Billets which must be filled by individuals who possess knowledge of a specific field of study to permit effective staff planning, coordination and command advisory functions. Such knowledge would include the capability to comprehend theories, principles, terminology, processes and techniques necessary for effective appraisal and evaluation or direction of complex programs.²

The Marines have two programs for qualifying officers for "special education" requirements. One is the Special Education Program (SEP) in which the Corps orders selected officers to specific schools, and pays their tuition and other major expenses.³ The other program is the Advanced Degree Program (ADP).

¹Major John P. Caynak, USMC, interview, Plans Officer, Plans Distribution and Receiving Unit, Officer Assignment Section, Assignment and Classification Branch, Personnel Department, Headquarters, U.S. Marine Corps, Washington, D.C., October 28, 1971.

²Barrett, "Financial Management Education in the Marine Corps," p. 26.

³U.S. Marine Corps Order 1520.9, Special Education Program, (Washington, D.C., May 16, 1969).

Marines attending Advanced Degree Program training receive regular pay and allowances, but must bear tuition and other expenses themselves.¹ Both programs are limited to those courses of study which will fulfill "special education" requirements. Of the 542 "SEP" billets, there are 63 financial management billets classified as "necessary" and 13 classified as "desirable." In addition to the George Washington University course, officers can become "SEP qualified" for a financial management assignment, through a one year Management Course at the Navy Post Graduate School in Monterey, California, or through studies in financial management programs at other universities. In 1971 two Marine officers were assigned to Syracuse University for financial management training. These officers were not accepted by George Washington University, but did meet the admission criteria at Syracuse where a large portion of Army financial management officers are trained.²

In July, 1971, this writer conducted a questionnaire survey of Marine Corps Comptrollers and other financial managers filling "SEP Requirement" billets. Forty-six per cent of the Comptrollers who responded to the questionnaire had attended the George Washington University course, and 52 per cent had Masters of Business Administration degrees. Forty-six per cent of the other financial managers had attended George Washington University and 55 per cent of these officers held Masters in

¹U.S. Marine Corps Order 1560.19, Advanced Degree Program, (Washington, D.C., October 24, 1967).

²Major John P. Caynak, interview, October 28, 1971.

Business Administration degrees. The three most common disciplines in which Marine comptrollers held advanced degrees were Financial Management, Management, and Economics. The financial managers reported the highest concentration of degrees in Financial Management, Management, and Business. One comptroller reported a high school education, and five comptrollers had bachelor's degrees. This information indicates that a significant number of persons filling the highly specialized financial management billets in the Marine Corps receive their education at George Washington University.

Records at Headquarters, Marine Corps show that 85 per cent of the financial management billets classified as "special education necessary," and 69 per cent of the "special education desirable" billets are filled by SEP qualified officers.¹

There are several factors which account for the differences between the reported survey results and the Headquarters, Marine Corps records. First of all, there was a time lag, between the conduct of the survey and the cited interview. In this time period many transfers were effected and "SEP qualified" personnel moved in and out of billets. In the second place, not all persons in "SEP Requirement" Financial Management billets responded to the questionnaire. Finally, as already amply demonstrated in this paper, Headquarters, Marine Corps chooses not to dictate to its subordinate commanders in regard

¹Major John P. Caynak, interview, October 28, 1971.

to managerial decisions. Headquarters will send a "SEP qualified" officer to fill a "SEP requirement" billet, whenever possible. If the Commanding General of the receiving unit chooses to assign that officer to another billet, that is his business.¹ However, Headquarters will not send another "SEP qualified" Marine for that billet, until the originally assigned officer departs. It is the policy to use "SEP qualified" officers in alternating tours between their "SEP" specialization area, and their primary Military Occupational Specialty. This is done in an attempt to insure that the "SEP" trained financial manager will not become a "green eye shade" specialist, but will instead, keep abreast of what is happening outside of the rather narrow financial management area. The theory is that this will provide financial managers that are well versed in the day to day problems of command, and to the degree that these financial managers later become commanders, it will also provide a number of commanders, who are both educated and experienced in the intricacies of financial management.

So far we have seen that the Marine Corps regards commanders as the real financial managers, that not all comptrollers are SEP trained, and that there are many officers in financial management billets that are not "special education"

¹This author has witnessed the assignment of a "SEP qualified" Captain as a rifle company commander in the Republic of Viet Nam, while the captain was on a supposed "utilization tour." In all fairness to those making the assignment it came after repeated requests on the part of the captain.

qualified. Where do these marines acquire their knowledge?

Financial Management in Other Schooling

The Marine Corps conducts its special schooling for officers at the Marine Corps Development and Education Command at Quantico, Virginia, where officer students are trained in basic, intermediate, and high level courses. The Basic School trains newly commissioned officers in a leadership oriented course. The new lieutenants receive a one hour lecture on Financial Management, and another hour entitled, "Supply, Maintenance and Financial Management in the Small Unit."¹ This amounts to less than one per cent of the 1030 instructional hours which constitute the course. Captains and junior Majors attending the Amphibious Warfare School receive 21 hours instruction in "Maintenance, Supply, Fiscal and Management Matters," out of 768 total instructional hours.² Lieutenant Colonels and senior Majors attend the high level Command and Staff College course where they are presented 113.5 hours of management instruction. The portions relating directly to financial management receive the following breakdown:

¹The Basic School Syllabus, (Quantico, Virginia: Marine Corps Development and Education Command, 1971), pp. 3-6.

²The Amphibious Warfare College Syllabus, (Quantico, Virginia: Marine Corps Development and Education Command, 1971), pp. 1-7.

<u>Subcourse</u>	<u>Hours</u>
Planning, Programming and Budgeting Within the Department of Defense	1
Marine Corps Programming (Including Systems Analysis)	2
Financial Management	1
Department of Defense Financial Management	1.5
Aviation Financial Management	1
Managerial Accounting	<u>2</u>
TOTAL	8.5 ¹

About 9.6 per cent of the 1178.5 instructional hours are devoted to management.

Qualifications of Enlisted Financial Management Personnel

It becomes evident that Marine comptrollers and other financial managers, because of their lack of specialization and broad experience in financial management, will be dependent on the other persons in their organization for continuity and technical knowledge. In the survey conducted in connection with this paper, Marine comptrollers were asked if they agreed that their organization provided adequate depth and experience for efficient functioning. Comptrollers from operational (Fleet Marine Force) units did not agree, while those from non-operational (supporting) units showed mild agreement with the statement.

¹The Command and Staff College Syllabus, (Quantico, Virginia: Marine Corps Education and Development Command, 1971), pp. 1-4.

A control population, the Chiefs of Staff and Executive Officers, who were the military superiors of the comptrollers, also showed mild agreement with the statement. Probably the underlying difference is that the operational units contain no civilians. Non-operational units usually contain a number of civilian employees in the Comptroller department. This adds considerable depth and experience. One Marine brigade comptroller commented:

Disagree strongly Present personnel strength and experience factors permit effective functioning, but the lack of experience of assigned enlisted personnel and the existence of a T/O [Table of Organization] which is not in accord with the post-Vietnam structure of this command is not conducive toward a highly efficient environment. Financial accounting is one of the most "short" occupational fields in the Marine Corps. It is extremely difficult to retain trained men in this specialty as career enlisted men--the monetary rewards in the civilian sector for these skills are hard to resist.¹

The Marine Corps is not blind to this problem. Its Office of Manpower Utilization conducted a detailed study of the enlisted Occupational Field 34, Auditing, Finance and Accounting in 1970. The study included observation, interview and the completion of a Task Inventory/Occupational Questionnaire. The recommendations of the study led to initiation of the following actions:

- (1) A restructuring of Occupational Field 34.
- (2) Input of career Marines into Occupational Field 34.

¹Major Bernon R. Erickson, USMC, Assistant Chief of Staff, Comptroller, First Marine Brigade, in a detailed reply to the survey questionnaire employed in this study, Kanehoe Bay, Hawaii, August 6, 1971.

(3) Establishment of a formal Finance School whose syllabus will include: Military double entry accounting, manual and mechanized accounting, and Marine Corps Supply System indoctrination.

(4) Greater civilianization of accounting billets in non-operational units.

(5) Development of correspondence instruction in Primary Management Effort, Preparation of Budgets, Financial Management, Clubs and Mess Accounting, Recreation Fund Accounting, and Marine Corps Exchange Accounting.¹

While the Marine Corps Institute prepares the new correspondence courses in the Financial Management and Accounting field, the Marines have required mandatory enrollment in and completion of one correspondence course for both Marine enlisted with financial management Military Occupational Specialties, and all other Marine enlisted in financial management assignments.² The order requiring enrollment was issued on 17 March 1970. By September 1, 1971, 1029 Marines had completed the course, 781 were still enrolled, and 26 persons had failed the course which had a 78.8 per cent completion rate.³

¹ Captain Robert C. Yost, USMC, Office of Manpower Utilization, G-1 Department, Headquarters, U.S. Marine Corps, interview, Quantico, Virginia, September 17, 1971.

² U.S. Marine Corps Order 1550.9, Mandatory Enrollment and Completion of Marine Corps Institute Course 34.8, (Accounting for Operating Budgets), (Washington, D.C., March 17, 1970).

³ John J. Jacobs, Director of Education, Marine Corps Institute, interview, Washington, D.C., September 9, 1971.

Financial Management Training in the
Other Armed Services

The Navy

Comptrollership training in the different Armed Services is quite similar. The Navy sends about 21 officers a year to the Navy Financial Management Course at George Washington University. Substantial numbers of Navy officers also participate in graduate courses at other civilian universities. Special courses are conducted at the National War College and the Navy Postgraduate School at Monterey, California. At the Industrial College of the Armed Forces and the Naval War College, financial management is studied in the context of its integral position as a basic defense management discipline. The Navy sends "exchange" military and civilian students to senior or middle management colleges of the other services, and to the specialized Army and Air Force financial management courses. The largest input into the financial management field comes from the Navy Supply Corps, and the Supply Corps School at Athens, Georgia provides these officers with a working knowledge of Navy Financial management at the outset of their careers. The Navy also recruits accounting and business administration graduates into its civilian ranks through a Junior Executive Training (JET) Program. Field level workshops, seminars and professional assistance training visits have been instituted by the Comptroller of the Navy. Navy Comptroller "flying squads"

are sent out to train field units in difficulty, and the Auditor General of the Navy provides on-the-scene detailed level training and assistance to Navy and Marine organizations. Basic, intermediate and advanced level training is provided to the Navy enlisted men involved with financial management. Correspondence courses are available to Navy military and civilians on a voluntary basis, through armed services correspondence programs, civilian university extension programs, and from commercial sources.¹

The Air Force

The Air Force uses "off-the-shelf" Masters of Business Administration programs to train selected officers for careers in Comptrollership. Air Force professional schools administer a heavy dose of financial management training. The Squadron Officer's Course includes 53 hours of instruction related to financial management, which comprises 11 per cent of the course. The Air Command and Staff College includes 169 hours related to financial and other resources management, comprising 19 per cent of that course. Out of the 885 academic hours of instruction at the Senior Air University, 108 hours are devoted to financial and resources management. The Department of Comptroller Training trains officers, airmen and civilians in comptroller specialties, in entry and advanced level courses at

¹Rear Admiral K. R. Wheeler, USN, "Comptrollership Training in the Navy," The Armed Forces Comptroller, XVI, No. 1, (January, 1969), pp. 3-8.

Sheppard Air Force Base, Texas. A 12-week Financial Administration course is open to officers in the grade of captain through lieutenant colonel, and to civilians in equivalent grades. A 12-week Professional Military Comptroller Course has also been established at the Air University complex of schools for professional development. Recently, the Air Force has established monitored, professional development programs for officers and civilians, including those in Comptroller functions.¹

The Army

The Army sends officers to a special course at Syracuse University for financial management training. The Marines also send a small number of officers (two in 1971) to this 15 month Master of Business Administration Course. The course is similar to the already described Navy program at George Washington University, with two important exceptions. It includes a Logistics course, and what is known as Life Cycle Management Simulation, described as a "super case" study which uses the business game technique to integrate the various disciplines studied, during the final semester at Syracuse. The Army also provides a

¹Lieutenant General T. R. Milton, USAF, "Financial Management Training and Education in the Air Force," The Armed Forces Comptroller, XIV, No. 1, (January, 1969), pp. 16-19.

financial management course at Fort Lee, Virginia for training officers and enlisted men.¹

Future Training

Certain trends are now evident in the management of military resources. As computer and communication technologies improve, control will become more centralized, procedures more standardized, and we will see an increasing integration of management information systems. One writer predicts the emergence of Department of Defense schools of comptrollership and common financial doctrine as the natural consequence of this developing situation. He sees continued reliance on civilian universities to provide business management training and forecasts three phases of comptrollership training programs. The first phase will teach the details of operating systems and procedures. The second will provide seminar type training to provide for clarification and exchange of ideas. The third phase will continue training on the job to ensure followup on the learning objectives of phases one and two.²

¹Major General William G. Lynn, USA (Ret), and Dr. Richard J. Hopeman, "Education for Comptrollership--The Army Comptrollership School Keeps Up With Today's Demand," The Armed Forces Comptroller, Volume XVI, No. 2, Summer Issue, 1971, pp. 15-20.

²Colonel H. E. Blomgren, USA, "Comptrollership Training in the 1980's--Tomorrow's Challenge," The Armed Forces Comptroller, XIV, No. 1, (January, 1969), pp. 12-15.

Conclusions

The assignment to comptroller duties of officers with broad experience in command and staff jobs will bring more relevancy to their financial management duties. They will, however, have to rely on the technical expertise of their assistants and staff to function effectively in financial management assignments.

The Marine Corps has recognized the need for reinforcing this technical expertise and has developed its own financial management course for enlisted men, and restructured its Occupational Field 34 classifications of financial management and accounting personnel.

A few predictions will be hazarded about the future based on the material examined in this paper.

1. The Marines will continue to emphasize the inseparability of command and management.

2. Financial managers will come from the military specialties and a group of officers who are solely financial management specialists will not evolve. However, those who have received Post Graduate education in financial management will spend more and more of their career, but not their whole career, in the financial management area.

3. Training in financial management will expand, with more emphasis on financial management at all levels of officer training. A high-quality Department of Defense financial

management course will be established. The Marine Corps will not find it necessary to establish its own school for officers, but will continue to use Navy school training, and eventually Department of Defense training.

4. A standardized accounting and reporting system will be the same in all services, allowing for interchangeability as far as financial training is concerned. It should not be expected that such a system would be easily imposed on the services. Considerable resistance will probably be encountered.

The Marines have been faced with many difficult objectives throughout their history, and they have yet to falter. Based on such a record, it is easy to predict that they will continue to meet the challenge of effective financial management. The Marine Corps will continue to provide the United States an effective, efficient, elite fighting force within the dollar constraints imposed. Their success in meeting such an objective will be predicated on the continued development of an effective program of training in financial management for its commanders and their staffs.

CHAPTER IV

THE CURRENT STATE OF MARINE CORPS COMPTROLLERSHIP

Comptrollership in the Marine Corps follows a growth pattern, established first in private industry, and then in the public sector. The development of the comptroller concept in the United States will be briefly examined. We have already traced the evolvement of financial management in the Marine Corps. We shall now look at the influence of Project PRIME on the Marine Corps comptroller, PRIME being the last great revolution (or step taken in evolution) that has had a profound effect on the Marine Corps financial manager. Marine Corps comptrollership will be examined in the light of several publications concerning comptrollership. Finally, a profile of today's Marine Corps comptroller will be constructed, using the data gleaned from the questionnaire survey that the author conducted.

Growth of the Comptroller Function

The word controller is apparently a derivation of the Latin contre-role, that is, one who checks against another. The French had a contre-roullour, and the English changed it to controller. The English controllers reasoned that their

title came from the Middle French verb compte, which meant account, and revised the spelling of their title to comptroller.¹

Our Continental Congress created the Office of Controller in 1778, with a Comptroller, Auditor, Treasurer and six Commissioners of Accounts.² In 1880 the Atchinson, Topeka and Santa Fe Railway System dubbed the chief accountants for each of its three sybsystems "comptrollers." The General Electric Company established the first industrial comptrollership in 1892 and Consolidated Edison established comptrollership in a public utility in 1900.³

The federal government's Office of Controller was abolished in 1921 when the Budgeting and Accounting Act established the General Accounting Office under the Comptroller General.⁴ The principle function of the general accounting office is that of an audit agency, and the use of the title "comptroller" for its chief officer tends to be misleading. The term, however, has been used with little consistency both in government and private enterprise.

¹Lieutenant Colonel Frederick R. Bowie, USMC, "'Comptroller' or 'Controller'," Armed Forces Comptroller, XIV, No. 3 (July, 1969), pp. 22-23.

²Ibid., p. 23.

³Thomas H. Shannon, A Critical Evaluation of Controllership in the Marine Corps, p. 37.

⁴United States General Accounting Office, G.A.O., (Washington, D.C.: Government Printing Office, 1970), an information pamphlet, p. 2.

In 1933 the Tennessee Valley Authority designated its chief financial officer as the "comptroller," and other government agencies have followed suit.¹ Chapter II discussed how comptrollership evolved in the military.

The comptrollership function expanded rapidly in the private sector, but its acceptance is not yet universal. A 1949 survey of 195 industrial corporations showed that 52 did not have a comptroller, and among those that did, there was a great diversity in what the job encompassed.²

When another survey asked executives to evaluate four skills believed essential to comptrollership, 79 per cent considered organizational skill essential, while communications skill, technical skill and human relations were chosen by 73, 70 and 58 per cent respectively. Other qualifications considered essential were, in their perceived order of importance: Analytical ability, character, common sense, mental acuity, objectivity, leadership, emotional maturity, and dependability.³

The philosophy of assignment to financial management billets in the Marine Corps was discussed in Chapter III that philosophy can be summarized as follows. Assignment to comptroller billets is predicated upon broad command and staff

¹Thorton F. Bradshaw and Charles C. Hull, Editors, Comptrollership in Modern Management, sponsored by Comptrollership Foundation, Inc., (Chicago, Illinois: Richard D. Irwin, 1950), pp. 17-28.

²Ibid., pp. 11-17.

³Clifford E. Hutton, Comptrollership Function and Training, (Austin, Texas: The University of Texas, 1962), pp. 72 and 78.

experience and is given to unrestricted line officers. The Marine Corps does not desire to produce a corps of comptrollers, and to guard against this, repetitive tours in financial management are generally not assigned.¹

This philosophy was born in a period when financial management consisted of a restricted form of budget planning and allotment accounting that could be reasonably grasped by an intelligent officer with a broad knowledge of military operations.²

The advent of the Programming, Planning and Budgeting System, the accompanying Resources Management System, and its Project PRIME made the comptroller's job much more complex and important, and much more similar to the comptroller's job in the private sector. The idea that a comptroller can still function effectively without detailed technical knowledge may no longer be valid.³

The key financial management billets in the Marine Corps, particularly comptroller positions, are filled by Special Education qualified officers. These officers are picked from the candidates acceptable to the educational institution, by a selection board at Headquarters, Marine Corps. The applicants

¹U.S. Marine Corps Order P7300.9, Financial Guidebook, p. 2.

²Shannon, A Critical Evaluation of Controllershship in the Marine Corps, p. 44.

³Barrett, "Financial Management Education in the Marine Corps," p. 24.

have usually passed several selection boards for promotion to their present rank (captain to lieutenant colonel). One of the precepts of selection is usually qualification for promotion to higher grade. Such a system insures, to the best extent possible, that the selected officers will meet the essential qualifications listed in the Hutton study.

The Marine Corps should be able to continue its assignment policy, if the highly qualified officers it places in financial management can maintain a grasp on the essentials of financial management, while on intervening tours away from financial management, in their primary military specialty. Their ability to maintain this grasp will to a large degree depend on the complexity, and the frequency of major changes in the way of managing fiscal resources. The most significant, most dramatic, and most complex major change in recent years was Project PRIME. In examining Project PRIME we should keep one question in mind. How well would a former financial manager be able to quickly shift gears back into comptrollership, if something like PRIME had occurred during the two or three years that he was away (if one can ever get away) from financial management? We should keep in mind that the two or three years will have been spent in such duties as infantry, artillery, or aviation, and may involve periods of combat duty.

Project PRIME

With the implementation of program budgeting in the Department of Defense came a need for a supporting accounting system. The previously used accounting system measured costs in terms of "obligation authority," the amount of money required to finance a program or program element in a given fiscal year. No regard was paid to when the funds were appropriated by Congress, obligated, placed on contract or spent.¹ The new accounting system named Project PRIME corrected this through an accrual procedure.

Accrual Accounting had been recommended by the Second Hoover Commission in 1955.² It has been required by law since 1956.³

Secretary Robert McNamara instituted the Planning-Programming-Budgeting System in the Department of Defense in 1961. PPBS divided the budgetary process into three cycles and employed a cost effectiveness or systems analysis technique.

The Resources Management System was developed to manage the resources budgeted for in the Program, Planning and Budgeting System.

¹H. Rowan Gaither Lectures, a series of four lectures by Charles J. Hitch, Assistant Secretary of Defense (Comptroller) on "Decision-Making in the Department of Defense," University of California, Berkely, April 5-9, 1965.

²Commission on Organization of the Executive Branch of the Government, Task Force Report on Budgeting and Accounting, (Washington, D.C.: Government Printing Office, 1955), p. 6.

³An Act to Improve Government Budgeting and Accounting Methods and Procedures, U.S. Code, Vol. XXXI, Sec. 66, (1956).

The Resources Management System (RMS) can be defined as: those methods and procedures used throughout the Department of Defense that (1) deal with resources (manpower, real property, weapons, equipment, services, materials, and supplies); (2) are intended to assist in the management of such resources (planning, budgeting, acquisition, use consumption, storage, and disposition); and (3) constitute systems (they involve recurring, orderly cycles of planning, reporting, and feedback information).¹

PRIME is an acronym for Priority Management Effort, an accounting sub-system of the Resources Management System. It is a detailed cost accounting system which operates on an accrual basis, accumulates costs by Defense Department program elements, provides for internal control over all transactions, and also provides for the integration of cost accounting records.²

Assistant Secretary of Defense (Comptroller), Robert N. Anthony, whose name is most frequently associated with Project PRIME, described it succinctly in an address before the Federal Government Accountants Symposium:

You have asked me to describe Project PRIME, and this I can do in one sentence: Project PRIME involves the development and installation of expense accounting for operating

¹U.S. Department of Defense, A Primer on Project PRIME, an informational pamphlet, not directive in nature, (Washington, D.C.: Office of the Assistant Secretary of Defense and Comptroller, November, 1966), p. 7.

²U.S. Marine Corps Order P7000.8, Managerial Application of Project Prime, (Washington, D.C.: Government Printing Office, 1970), p. 2-1.

activities in the Department of Defense. Really, for an audience of professionals such as this is, that is all I need to say.

I need not add that the system associates expenses with managers responsible for incurring them, for any good expense accounting system does that.

Nor need I add that the expenses are related to work performed; and that the accounting system is integrated with the programming and budgeting systems; and that expenses are separated from asset acquisitions; and that the transactions are under debit-and-credit control and hence auditable--for these are all perfectly obvious characteristics. In fact, Project PRIME is a quite ordinary kind of expense accounting system; there are no sophisticated techniques or new accounting breakthroughs that we claim for it.¹

Since Congress still does business with its traditional appropriation structure and accounting system, and the Anti-Deficiency Act threat hangs over the head of the unwary commander we find the services keeping two sets of books, one for financial accounting, another for expense accounting. Because of shortages of funds and trained personnel, the implementation of managerial accounting has been difficult to initiate. Because exceeding obligational authority is a federal offense, the commander tends to emphasize financial accounting rather than managerial accounting. In the words of Brigadier General Brown, USAF, "The advertised wages of these sins guarantee top priority to appropriation accounting."²

¹Robert N. Anthony, Assistant Secretary of Defense (Comptroller), "Some Problems in Communication," an address before the Federal Government Accountants Symposium, June 14, 1967.

²George E. Brown, Brigadier General, USAF, "Financial Informations for Resources Management," Armed Forces Comptroller, (June, 1968) XIII, No. 2, p. 18.

Project PRIME in the Marine Corps

The Marine Corps did not warmly embrace PRIME as a panacea for any and all financial woes. Marines charged that PRIME was overly ambitious, unrealistic, and not cost effective.¹ Other complaints were that the time table was too compressed, and that substantial additional resources would be required to implement a system to manage resources. The most serious charge that could be brought against a cost accounting system was leveled, it would not generate savings that would offset its cost.²

The Marine Corps approach to Project PRIME was to establish procedures which minimized reorganization, used existing command lines and staff responsibilities, made minimum additional demands on the personnel accounting system, and met the visibility requirements of senior and exterior commands for viewing Marine Corps operations.³ This approach was understandable, since Congress had stipulated that additional personnel would not be authorized for PRIME, and the projects implementation came at what was the height of the Marine Corps commitment in

¹U.S. Congress, Senate, Second Supplemental Appropriation Bill, 1968, Hearing before the Committee on Appropriations on H.R. 17734, 90th Cong., 2d sess., 1968, pp. 220-221.

²Brigadier General Edwin H. Simmons, USMC, "Planners, Programmers, and Budgeteers," The Federal Accountant, XVIII, No. 3, (September, 1969), pp. 45-46.

³Brigadier General Edwin H. Simmons, USMC, "Marine Corps Financial Management Informations System," Armed Forces Comptroller, XI, No. 3, (October, 1968), p. 28.

Viet Nam.¹ Such an approach also detracted from standardization of the Accounting systems between the different Armed Forces.

A modified Project PRIME was implemented on July 1, 1968.

The Marine Corps found it a:

. . . very demanding and ambitious undertaking . . . particularly because no additional resources were authorized. As a consequence, initial efforts within available man-hours had to be concentrated on developing and maintaining required fiscal records and reports.

During the first year the lack of reliability in the PRIME reports seriously impeded managers' efforts to constructively use the reports and identify specific managerial benefits.

A Department of Defense PRIME Survey Team visited headquarters and installations of the various services in September, 1968. It did not give the Marine Corps high marks when it reported:

With regard to the Marine Corps, the Survey Team noted that the system does not provide for funding the organizational unit for services to be received from supporting service units. The Marine Corps expressed concern that if organizational units were funded, budget authority would be used for other purposes, while obligational expenses continued to be incurred by the service supporting units. The Survey Team further noted that the Marine Corps method is not fully consistent with the intent of the PRIME system.²

Once the decision to implement PRIME was made the Marine Corps responded enthusiastically. The Commandant held a con-

¹Interview with Eugene J. Regan, Accounting Branch, Fiscal Division, Headquarters Marine Corps, Washington, D.C., February 18, 1972.

²Chairman, PRIME Survey Team, Memorandum for Mr. Berguist, Deputy Assistant Secretary of Defense (Comptroller), PRIME Survey Team Visits, dated September 23, 1968, with attachments.

ference with the major command comptrollers and other key financial management personnel. He purchased 100 copies of an Anthony accounting text and mailed one to each Marine general officer. General Chapman directed all general officers to enroll in an accounting course.¹ Financial Management training in officer's professional schooling, and in correspondence courses was expanded.²

PRIME was implemented fully in the supporting establishment of the Marine Corps, but operational units were exempted from the accrual aspects of PRIME accounting.³ PRIME is not used internally in Marine divisions or aircraft wings, but the headquarters of these operating commands report their expenditures, using PRIME formats and accounting systems.

Outside of Marine Corps Headquarters, PRIME is concerned primarily with funds provided by the Operations and Maintenance Appropriation, since the Marine Corps other three appropriations are generally administered at the Headquarters level. The Head of the Budget Branch at Headquarters, Marine Corps described the budget process and how it relates to some aspects of the Programming, Planning and Budgeting system.

¹Interview, Regan.

²Simmons, "Planners, Programmers and Budgeteers," p. 41-43.

³U.S. Marine Corps Order 7301.56D, Financial Reporting Under Department of Defense Resource Management Systems (Project PRIME) for Fiscal Year 1972 and Subsequent, (Washington, D.C., 1971), p. 1.

Budget estimates are prepared by staff officers at Headquarters for all but one of the Marine Corps appropriations--Operation and Maintenance. The estimate for this appropriation is formed from operating budget estimates developed by field commanders along with the Headquarters Marine Corps input for centrally managed programs. Adjustments for new and revised programs are not included in field submissions.

Formulation of operating budgets is the responsibility of Marine field commanders. Their budget estimates are based upon intimate knowledge of their command, mission, operations and the annual field budget guidance promulgated by the Commandant of the Marine Corps.

The overall budget for the Marine Corps is not formed from the bottom up in the strictest sense of the word. It is derived from Marine Corps service plans and related Department of Defense and Department of the Navy plans. Specifically, it is based upon objectives and requirements published in the Marine Corps Long Range Plan and Marine Corps Mid-Range Objectives Plan. It is important to stress that the yearly levels of attainments are based primarily on requirements to accomplish the mission as set forth in approved Joint Strategic Plans. The Marine Corps budget request for that specific year is a translation into dollars of the men, materials, and facilities necessary to accomplish the objectives and requirements set forth in the programs for that year.¹

When the Planning, Programming and Budgeting System (PPBS) was introduced in the Department of Defense, the Programming function was concentrated at Marine Corps Headquarters and field commanders did not participate in it. A commander who is not well versed in the whole Planning, Programming and Budgeting System will have difficulty in understanding PRIME which is a step in the evolution of PPBS.²

¹Colonel E. Y. Holt, Jr., USMC, "Operation and Maintenance Marine Corps," Armed Forces Comptroller, XXVI, No. 1, (Winter Issue, 1972), p. 12.

²Colonel Roscoe L. Barrett, Jr., USMC, "Financial Management Education in the U.S. Marine Corps," Armed Forces Comptroller, XIV, No. 1, (January, 1969), p. 26.

PRIME brought four significant changes to the Marine Corps' allotment accounting system. Appropriations were "purified," separating operating resources from capital resources. Military personnel costs are now charged to the using activity. The use of working capital has been extended in the operation of stock funds. Finally, and most significantly, the basic account structure was completely revised to provide the expense information required by the Programming, Planning and Budgeting system.¹

All of this brought about a tremendous change in the Comptroller's job. He had a new and expanded system of reports that must be made. He also became the staff recipient of a large volume of management information that could be valuable to the commander, and which gave a basis for evaluation of the organization's efficiency. Probably the biggest change brought about, was that now the comptroller reigned over a complex accounting system that other Marines had little hope of ever understanding.

The PRIME system provides a large amount of management information to higher headquarters. There are seven required reports.

1. NAVCOMPT 2170, Expense Operating Budget Financial Report. This summarizes monthly financial transactions and

¹U.S. Marine Corps Order P7300.9, Financial Guidebook for Commanders, (Washington, D.C., 1969), p. 5.

reflects the end of the month financial status in relation to Obligations, Military Personnel Services, and Expense Authority.

2. NAVCOMPT 2168, Operating Budget/Expense Report.

Expenses are reported by program function and cost account, monthly.

3. NAVCOMPT 2169, Performance Statement Report.

Actual performance is compared to budgeted performance.

4. NAVCOMPT 2182, Military Service Report. This

monthly report contains military personnel costs, computed at standard rates.

5. Operating Forces Financial System Statistical Re-

port. Referred to as OFFS, this document reports organic material expenses by cost account each month for battalions and separate companies of the operating forces.

6. Major Command SubOperating Budget Report. This

monthly report shows changes in obligational and expense authority for both major commands and subordinate commands holding suboperating budgets.

7. NAVCOMPT 2168, Operating Budget/Expense Report

(Budget Submission). Submitted annually in accordance with field budget guidance, this report uses the same format as the monthly NAVCOMPT 2168.² The Budget Submissions are aggregated as they proceed up the chain of command, to form the budget

¹Ibid., pp. 26-28.

²U.S. Marine Corps Order 7301.56D, pp. 7-11.

request for the Operations and Maintenance, Marine Corps appropriation.¹

One more report, NAVCOMPT 2171 Functional Category/Expense Element Report was established initially, but was discontinued when it was realized that the information required was available in the other PRIME reports.

From the data generated by the PRIME system, various internal management reports may be produced. The policy of the Commandant has been to concentrate on PRIME's mandatory provisions, while leaving the optional provisions to the discretion of local authority.² Many of the comptroller's surveyed felt that they could barely keep up with the mandatory provisions, and that PRIME had little value as a managerial tool at their level. Available manpower, time and expertise rarely exist in sufficient quantities to permit local analysis for internal use.

In the previously cited survey of Marine Corps financial managers, 58 per cent of the comptrollers from operational units felt that the measurement of performance in financial terms was not a valid concept. Thirty-nine per cent of the comptrollers from supporting units shared this opinion. Other financial managers, chiefs of staff and executive officers indicated a higher regard for dollar measurement of performance.³ It can

¹Holt, "Operations and Maintenance," pp. 11-12.

²U.S. Marine Corps Order P7000.8, Managerial Applications of Project PRIME, p. 7.

³See Appendix A, Questionnaire Survey Results.

be seen that PRIME is of more use to the non-operational unit which operates more like the private corporation.

When queried if officers in their organization understood PRIME, all of the classes of respondents averaged negative answers with operational comptrollers indicating the least understanding. This is natural since Marine Corps operational units do not fall under PRIME accounting. Comments regarding PRIME were colorful and revealing. Two respondents indicated that the officers in their command thought PRIME was a cut of meat and one comptroller said, "Nobody in the Marine Corps really understands PRIME."

A similar response was received when the surveyed officers were asked if PRIME concepts of accrual accounting should be carried further than they are at present, with the highest amount of dissent coming from operational unit comptrollers. Curiously the only class favoring further accrual accounting were Chiefs of Staff from operational commands.

Comptrollers and financial managers generally did not believe that PRIME was a cost effective project, but Chiefs of Staff did. The charge is frequently leveled that PRIME costs more than it saves.¹

When asked to evaluate the costing of military manpower expenditures in an organization, most of the respondents strongly disagreed with the concept, with the Chiefs of Staff of operational

¹Simmons, "Planners, Programmers and Budgeteers," The Federal Accountant, p. 46.

units registering agreement. The frequent comment was that commanders could not hire, fire, raise or lower pay, and that the costing of manpower was a "paper drill."

One fleet Marine Force Comptroller said:

Strongly disagree that the costing of all military manpower expenditures in this command (it isn't done) is a valid project. Costing for military manpower for the operating forces is centrally accomplished at the Force level by simply costing out the manning level authorization of the Force. Hopefully, this practice will not be imposed on subordinate Headquarters. The FMF Commander is locked in to his T/O and M/L [Table of Organization and Manning Level]. He does not normally possess the power to "trade off" military manpower for civil service or commercial contract personnel. At best, the costing of military personnel will show the commander where his high manpower costs are being incurred, but a glance [at] the T/O or M/L affords the same information.¹

It becomes apparent that Marine Corps Comptrollers do not place great value on the PRIME accounting system. Chiefs of Staff of operational commands, which have the least contact with PRIME favor it more than other Marines responding to the questionnaire survey.

Analysis of PRIME in the Marine Corps

This writer can make several observations in analysis of why PRIME operates as it does in the Marine Corps. First, PRIME was imposed on the services. There was little participation or even consultation among the armed services in reaching the decisions involved in its implementation. One of the basic

¹Major Bernon R. Erickson, reply to questionnaire August, 1971.

tenants of human motivation was ignored by the Department of Defense, apparently in the interest of expediency. The following quotation seems to be tailor-made for the situation:

When changes are arbitrarily introduced from above without explanation, subordinates tend to feel insecure and to take countermeasures aimed at a sabotage of the innovations. But when they have participated in the process leading to the decision, they have had an opportunity to be heard, they know what to expect and why, and they may desire the change. Blind resistance tends to become intelligent adaptation as insecurity is replaced by security.¹

Second, the armed forces financial managers are unrealistic when they attack the costing of military personnel. If one wishes to compare different alternatives on a cost basis, total costs must be viewed. Without military personnel costs, an incomplete picture is obtained.

Third, although PRIME was designed for use as a managerial tool at all levels, its present application is concentrated at agency and department level. Only nine per cent of the comptrollers queried in this author's questionnaire were able to list any local applications of PRIME, which they considered valuable. PRIME does have great potential for some commanders. The more similar a military activity is to operations in the private sector, the more application managerial accounting has.

There are two reasons why PRIME has not achieved its potential at lower levels. One is a constraint placed on the

¹Lester Coch and John R. P. French, Jr., "Overcoming Resistance to Change," People and Productivity, ed. by Robert H. Sutermeister, (New York: McGraw-Hill, 1963), p. 433.

numbers of accounting and other financial management personnel. The other reason relates to a perception of PRIME as a Department of Defense tool, that subordinate commands, must serve by collecting and reporting information.¹ This is similar to the attitudes found in some non-defense agencies towards the Planning, Programming and Budgeting System as a whole. Marvin and Rouse report that PPBS is often perceived as "a Bureau of the Budget Tool."²

Since PRIME represents a sunk cost in equipment and personnel, required to generate reports to higher levels, commanders could be expected to make use of it for their own managerial tasks. Apparently the bar to such utilization at the present time is the lack of authorization and funding for additional accounting personnel.

Fourth, PRIME is apparently not a uniform, highly standardized system. Reports of the Department of Defense PRIME survey team show wide differences in application of the accounting system in the different services.³ The initial adaptation of PRIME to Marine Corps needs, instead of adapting the Marine Corps to PRIME could account for part of the divergence.

¹Interview, Regan, February 18, 1972.

²Keith E. Marvin and Andrew M. Rouse, "The Status of PPBS in Federal Agencies: A Comparative Perspective," Public Expenditure and Policy Analysis, ed. R. H. Haveman and J. Margolis, (Chicago: Markham Publishing Co., 1971), pp. 459.

³Thomas E. Ringwood, Jr., "Project PRIME and the Marine Corps Controller, A Study and Evaluation of Functions and Expectations," (unpublished Master's Thesis, George Washington University, 1969), pp. 59-61.

Fifth, PRIME is a managerial accounting system, and as such represents a degree of complexity not previously encountered by the military. The private sector employs a vast army of professional accountants in its managerial accounting. Few laymen are involved in the intricate record keeping and analysis of the private business world. Financial management is inherent in Marine Corps command, but it may be unrealistic to expect military commanders who are specialists in such areas as infantry, artillery or aviation to also master a complex system of managerial accounting.

Sixth, the timing of PRIME's introduction left something to be desired. In the summer of 1968 the Marine Corps was heavily committed in the Republic of Viet Nam. Personnel turnover was rapid in most organizations. Commanders and potential commanders had more important things to be concerned about than accounting systems.

Effectiveness and Efficiency of PRIME in the Marine Corps

PRIME did what it was supposed to do as far as external agencies were concerned. The Marine Corps was able to submit accurate and timely reports required by the PRIME system. Internal effectiveness was marginal. As already pointed out few benefits were achieved from PRIME within the Marine Corps, because available accounting resources were generally consumed in external reporting requirements.

To measure efficiency we will examine costs first, and then benefits. If it were possible to realistically compare the two we would have a measure of efficiency.

Cost figures were available for Fiscal Years 1969 and 1970, the first two years the Marine Corps lived with PRIME. They are presented in Figure 4.

FIGURE 4

PRIME COSTS

	<u>Fiscal Year 1969</u>	<u>Fiscal Year 1970</u>	<u>Totals</u>
Military Personnel	\$ 852,120	\$ 764,626	\$1,616,746
Civilian Personnel	\$ 449,059	\$ 633,548	\$1,082,607
ADP Equipment	<u>\$ 992,405</u>	<u>\$1,389,949</u>	<u>\$2,382,354</u>
TOTALS	\$2,293,584	\$2,788,123	\$5,081,707

Source: Eugene J. Regan, Accounting Branch, Fiscal Division, Headquarters, U.S. Marine Corps, interview February 19, 1972.

Legislation prohibited the armed services from increasing manpower to support PRIME. How then can the increase in military and civilian personnel costs be explained? The Marine Corps had some authorized financial management billets, both military and civilian, that were not filled before PRIME was

¹Interview, Regan, February 18, 1972.

implemented. The additional work load brought by PRIME necessitated that these billets be filled, and that other accounting personnel work overtime.¹

The benefits of PRIME within the Marine Corps are listed. The PRIME accounting system:

1. Provides greater visibility and more specific identification of costs.

2. Measures accomplishment against planning, pinpointing weaknesses.

3. Provides better data to justify redistribution of funds between functions and/or activities.

4. Places greater emphasis on financial planning at lower levels.²

Four disadvantages can be recognized.

1. PRIME requires that the commander spend more time at his desk on financial management considerations, which detracts from the other aspects of command that require his attention.

2. PRIME sets up quantitative measures by which a commander can be measured. It is possible to concentrate on financial management aspects to the exclusion of other command functions in order to "look good." Such a strategy would work only over the short run, but many officers command organizations

¹Ibid.

²Interview of Thomas J. Faleskie, Major, USMC, Analysis and Review Branch, Fiscal Division, Headquarters Marine Corps, Washington, D.C., February 15, 1972.

for only a few months. For example, it would be possible for a commander to reduce expenses by curtailing training which involves travel and living expenses. Such a heedless commander may be transferred to other duties long before the effect of the neglected training makes itself felt.

3. The additional workload imposed by PRIME has an unseen cost in morale, retention, and other areas difficult to measure.¹

4. Reliability of data suffers because of long periods between incurring an expense and reporting it.²

It is impossible to place realistic dollar figures on the benefits and disadvantages listed, and any further attempt to measure efficiency of PRIME within the Marine Corps would be illusory. Opinions gathered at many different levels within the Marine Corps indicated that PRIME benefits were not worth their cost to the Marine Corps. What the value of the PRIME data might be outside of the Marine Corps is beyond the scope of this study.

¹These first three disadvantages were reported by officers responding to the previously cited survey questionnaire. Questionnaire recipients were ensured that they would not be quoted by name unless specific permission was obtained.

²Ronald A. Ayers, Major, USMC, Base Level Management Under Project PRIME, an unpublished report, Marine Corps Command and Staff College, Quantico, Virginia, June, 1969, p. 7.

Areas for Improvement

Improvement in the applications of the PRIME system within the Marine Corps can be accomplished in the following areas.

Any decisions about further change to the PRIME system should involve the active participation of each of the armed services in order to achieve a degree of positive motivation toward PRIME, and to render the system more responsive to the managerial accounting needs of the subordinate reporting agencies.

Greater standardization should be sought between the different branches of the services, so as to make comparisons more valid.

If possible, the system should require only one set of accounting records to satisfy both financial and managerial requirements.

The greatest improvement would probably be realized by authorizing the additional personnel and funds needed to make PRIME useful to the reporting organizations and agencies.

Within the Marine Corps improvement will come with training. The Corps has taken positive steps in this area to develop financial managers that are more qualified, and commanders that are more knowledgeable concerning the objectives and procedures of managerial accounting. Such a development will naturally require more money, a commodity difficult to obtain at the present time.

Comptroller Functioning

The Marine Corps makes it perfectly clear that financial management is inherent in command, and that the comptroller is a staff officer, with no real authority of his own.¹ Civilian managers carry neither the extensive authority or responsibility which distinguish command from management. The civilian comptroller functions with more authority than the military comptroller. With these differences before us, we will examine the functioning of the Marine Corps Comptroller in terms of the definitive Marine Corps directive, and two publications written about comptrollership outside of the military.

Fleet Marine Force Manual 3-1, Command and Staff Action sets forth doctrine, procedures, and techniques for the execution of command and staff action within the Marine Corps. It is the "bible" as far as Marine Corps staff functions and relationships are concerned. Even though it is titled Fleet Marine Force Manual, it is promulgated by Marine Corps Headquarters for all Marine organizations, not just those within the Fleet Marine Forces, that is, it is used in the supporting as well as the operating forces. The manifold duties the commander performs in exercising command are grouped into six broad functional areas, about which the staff is organized. The area of financial management falls on the shoulders of the comptroller.

¹U.S. Marine Corps, Fleet Marine Force Manual 3-1, Command and Staff Action, (Washington, D.C.: Government Printing Office, 1970), Forward.

Fleet Marine Force Manual 3-1 assigns the comptroller duties in four specific areas:

Par. 1210

FMFM 3-1

a. Budgeting

(1) Preparing guidance, instructions, and directives for budget matters.

(2) Reviewing the resource requirements and justifications for the various financial programs of the command.

(3) Compiling the annual budget.

(4) Recommending allocation of funds available for approved operating programs (including pay of civilian personnel) and revisions thereto when required.

(5) Initiating action for financial adjustments required by changes in the amount of funds made available

(6) Improving financial management efficiency.

b. Accounting

(1) Maintaining required records, including records of obligations and expenditures against allotments and project orders.

(2) Maintaining records for the plant property account and for financial transactions of all classes of property.

(3) Providing for execution of tasks involved in civilian pay, leave, and retirement.

(4) Preparing financial accounting reports.

(5) Supervising cost accounting operations.

(6) Submitting property returns.

(7) Supervising timekeeping operations.

(8) Preparing civilian payrolls.

c. Disbursing

(1) Accomplishing payment of military and civilian payrolls, travel and per diem allowances, and public vouchers.

(2) Collecting proceeds of sales and other funds for credit to the United States.

(3) Registering of allotments, savings bonds, and savings deposits.

(4) Preparing disbursing reports and returns.

d. Progress and Statistics

(1) Developing guides and criteria for the collection and coordination of statistical data.

(2) Supervising the preparation of special statistics.¹

When asked to rank the listed functions according to importance, comptrollers and their superiors ranked Budgeting as most important and Disbursing as least important. Non-Fleet Marine Force comptrollers ranked Accounting, higher in importance than the FMF comptrollers. The supporting, Non-FMF units are more similar to organizations in the private sector. They have a more measurable input and output and therefore a greater opportunity to employ accounting managerial techniques. However, when asked to rank the same functions according to time they consume, the FMF comptrollers and their chiefs of staff ranked Accounting first, while the Non-FMF comptrollers ranked it second, behind Budgeting. Disbursing was again ranked last.

In ranking the same function in relation to the emphasis received in their command Budgeting was ranked first, and

¹FMF 3-1, Command and Staff Action, pp. 16-17.

Disbursing last by all classes of officers responding to the questionnaire. It is obvious that budgeting is perceived as the most important Marine comptroller function. The comptroller's job is seen by many, as getting the money to operate with next year. It should be recalled from Chapter III that only the Operations and Maintenance, Marine Corps appropriation is budgeted and accounted for at the field level.

The reason that Disbursing is rated lowest in importance, time, and emphasis by all classes of persons responding to the questionnaire, is that all organizations have a disbursing officer who is either assigned to the organization or provides disbursing services. The disbursing officer is a direct descendant of the old paymasters. He has a highly responsible job within relatively narrow requirements. He is a true specialist, bonded by the government, frequently audited, and guided by stringent regulations which allow little deviation from prescribed procedures. Because there is a disbursing officer who handles disbursing matters and little else, the Comptroller in almost all cases merely maintains "staff cognizance" of the disbursing function. With the advent of the Joint Uniform Military Payment System (JUMPS) disbursing matters will be even more removed from the domain of the comptroller. JUMPS functions as part of the Marine Corps personnel accounting system, the Manpower Management System (MMS). Previous directives stated that in commands not authorized a comptroller, it was common

to assign staff duties pertaining to fiscal matters to the G-4 (logistics office).¹ FMFM 3-1 also states that the assignment of all comptroller's responsibilities to the assistant chief of staff, G-4 is common, but adds, " . . . except for disbursing matters which are assigned to the G-1." There are very few differences in the comptroller's job as described in Fleet Marine Force Manual 3-1, and its predecessor, the U.S. Marine Corps Staff Manual, which was last updated in 1959 and cancelled by the first printing of FMFM 3-1 in 1966. This is surprising since the whole system of Programming, Planning and Budgeting evolved in that period. This writer anticipates that this directive will be modified in the future, specifically assigning the comptroller responsibilities related to the Program, Planning and Budgeting Systems.

In 1949 the Controller's Institute of America compiled the most comprehensive list of functions.

1. To establish, coordinate, and maintain, through authorized management, an integrated plan for the control of operations. (Such a plan would provide, to the extent required in the business, cost standards, expense budgets, sales forecasts, profit planning, and programs for capital investment and financing, together with the necessary procedures to effectuate the plan.)

2. To measure performance against approved operating plans and standards, and to report and interpret the results of operations to all levels of management. (This function includes the design, installation, and maintenance of accounting and cost systems and records, the determination of accounting policy, and the compilation of statistical records as required.)

¹ Navy and Marine Corps Publication P-1110, United States Marine Corps Staff Manual, (Marine Corps Schools: Quantico, Va., 1955, updated May 25, 1959), p. 2-4.

3. To measure and report on the validity of the objectives of the business and on the effectiveness of the policies, organizational structure, and procedures in attaining those objectives. (This includes consulting with all segments of management responsible for policy or action concerning any phase of the operation of the business as it relates to the performance of this function.)

4. To report to government agencies, as required, and to supervise all matters relating to taxes.

5. To interpret and report on the effect of external influences on the attainment of the objectives of the business. (This function includes the continuous appraisal of economic and social forces and of governmental influences as they affect the operations of the business.)

6. To provide protection for assets of the business. (This function includes establishing and maintaining adequate internal control and auditing, and assuring proper insurance coverage.)¹

The concept of comptrollership comes from the private sector, and is a tool of big business. Heckert and Willson describe five functions of comptrollership normally found in the civilian world of private enterprise:

1. The planning function, including the establishment and maintenance of an integrated plan of operation through authorized management channels, both short- and long-term, compatible with the corporate objectives, the testing thereof, the required revisions thereof, and the requisite system and procedures

2. The control function, including the development, testing, and revision by appropriate means, of satisfactory standards against which to measure actual performance, and assistance to management in encouraging conformance of actual results to standards

3. The reporting function which includes the preparation, analysis, and interpretation of financial facts and figures for the use of management, and encompasses an evaluation of such data with reference to company and departmental objectives and methods, and external influences;

¹Clifford E. Hutton, Controllership Function and Training, (Austin, Texas: University of Texas, 1962), Appendix C, p. 1.

and as appropriate, the preparation and presentation of reports to such third parties as governments and governmental agencies, shareholders, creditors, customers, the general public, and others

4. The accounting function, including the establishment and maintenance of the corporate, dividual, and plant general accounting and cost accounting operations, together with the systems and methods embracing the design, installation, and custody of all books of account, records, and forms required to record objectively financial transactions, and to conform them to sound accounting principles with adequate internal control

5. Other related functions of primary responsibility, including supervision and operation of such areas as taxes, encompassing federal, state, and local matters and relationship with tax agents and auditors; auditing, both internal aspects and relationship with independent auditors; insurance, both adequacy of coverage and maintenance of records; standard practice instructions and systems and procedures, both development and maintenance; record retention programs; financial public relations; and, finally, the coordination of all clerical, and office systems and facilities throughout the company¹

In the survey of financial managers and chiefs of staff, questionnaire recipients were asked to rank the first four functions in order of importance, time, and emphasis. On the average, comptrollers rated Planning as first in all three areas. They viewed accounting as second in importance, but falling behind Reporting in both emphasis and time consumed. FMF comptrollers rated reporting as more important than Accounting, while comptrollers from the supporting establishment viewed accounting as more important. Once again we see the greater emphasis on accounting by comptrollers from the supporting establishment, where accounting can be used more as a managerial tool.

¹J. Brooks Heckert and James D. Willson, Controllershship, (New York: Roland Press, 1963), pp. 13-14.

Comptrollers apparently spend more time planning than the other respondents to this questionnaire believe they do, and even though their title indicates a control function, control takes the least amount of their time. Project PRIME has expanded the number of financial reports a unit submits. Examination of the questionnaire survey results reveals that chiefs of staff rank Reporting high in all three areas, importance, emphasis and time consumed. The written reports which the comptrollers submits and controls are probably his most visible output, and it is natural that his superiors would give that function high marks.

Even though Control as defined by Heckert and Willson had been ranked low in the time it consumed, Control was ranked highest in importance, emphasis, and time consumed by all questionnaire recipients except supporting establishment chiefs of staff who rated it second to External Reporting. External Reporting was apparently interpreted by the Marines responding to the questionnaire as the submission of reports to higher headquarters, rather than interpreting and reporting on the effects of external influences. Little else of a concrete nature can be said for the ranking of these six factors in three different ways, by six different groups. Results were too widely scattered to be able to draw any supportable conclusions.

When asked which of the functions described in the three cited publications, Fleet Marine Force comptrollers, financial

managers, and the executive officers of Air Stations indicated that Controlling was the most descriptive, while Non-FMF Comptrollers on the average thought Planning more descriptive, the FMF chiefs of staff viewed the Protection of Assets as most descriptive and the non-FMF chiefs of staff gave their vote to Reporting.

When asked which was the most important function FMF comptrollers were evenly divided between Planning, Control, Reporting and Accounting. Non-FMF comptrollers thought planning was their most important function as well as the most descriptive of the service they provided. Financial managers, executive officers and non-FMF chiefs of staff felt that Budgeting was the most descriptive function.

Opinion as to which function received the greatest emphasis in their organization was also widely spread. The FMF comptroller saw planning as most emphasized, and non-FMF comptrollers divided between Planning and Control. Financial managers and chiefs of staff indicated the greatest emphasis on Budgeting and the executive officers chose Reporting.

Many officers from all classes of persons responding to the questionnaire indicated that it was unrealistic to attempt to choose a specific function as paramount in these areas, and particularly in importance. These Marines felt that all of the functions were important, and no single one could be isolated.

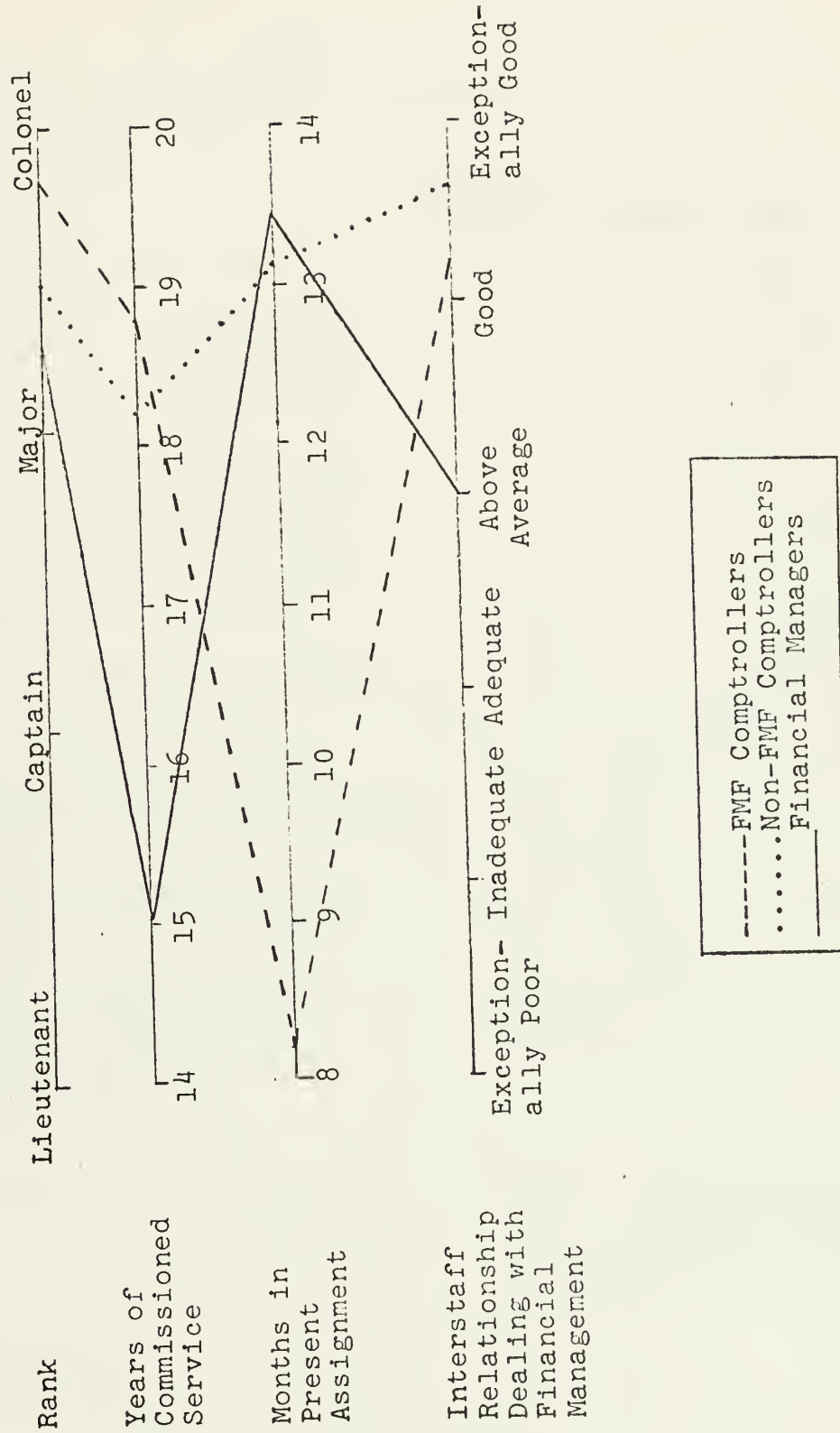
We can see then that not all comptrollers jobs in the Marine Corps are alike. Differences in mission, personalities, situations and many other variables cause different comptroller functions to take on importance, receive emphasis, and consume time. The biggest differences are between operational units, and those from the supporting establishment. In the final step of our analysis we shall attempt to sketch profiles of comptrollers and financial managers in the Marine Corps.

From the survey results we can construct profiles of the "average" persons responding to the writer's questionnaire. Hopefully, these profiles represent "typical" Marine comptrollers, and financial managers. This profile then should be useful in judging the financial management expertise, experience, opinions and prejudices of Marine Corps comptrollers and financial managers. The profiles will be constructed of average answers, i.e., if the comptroller's mean response to the statement, "A working knowledge of managerial accounting is essential to comptrollership," falls closest to Agree, we will credit our "typical" comptroller with agreeing with that statement. Figures 4 and 5 graphically illustrate the profiles described below.

The Fleet Marine Force Comptroller

The typical Fleet Marine Force Comptroller is a field grade officer (on the average, a lieutenant colonel) filling a billet calling for a higher ranking officer, usually a colonel.

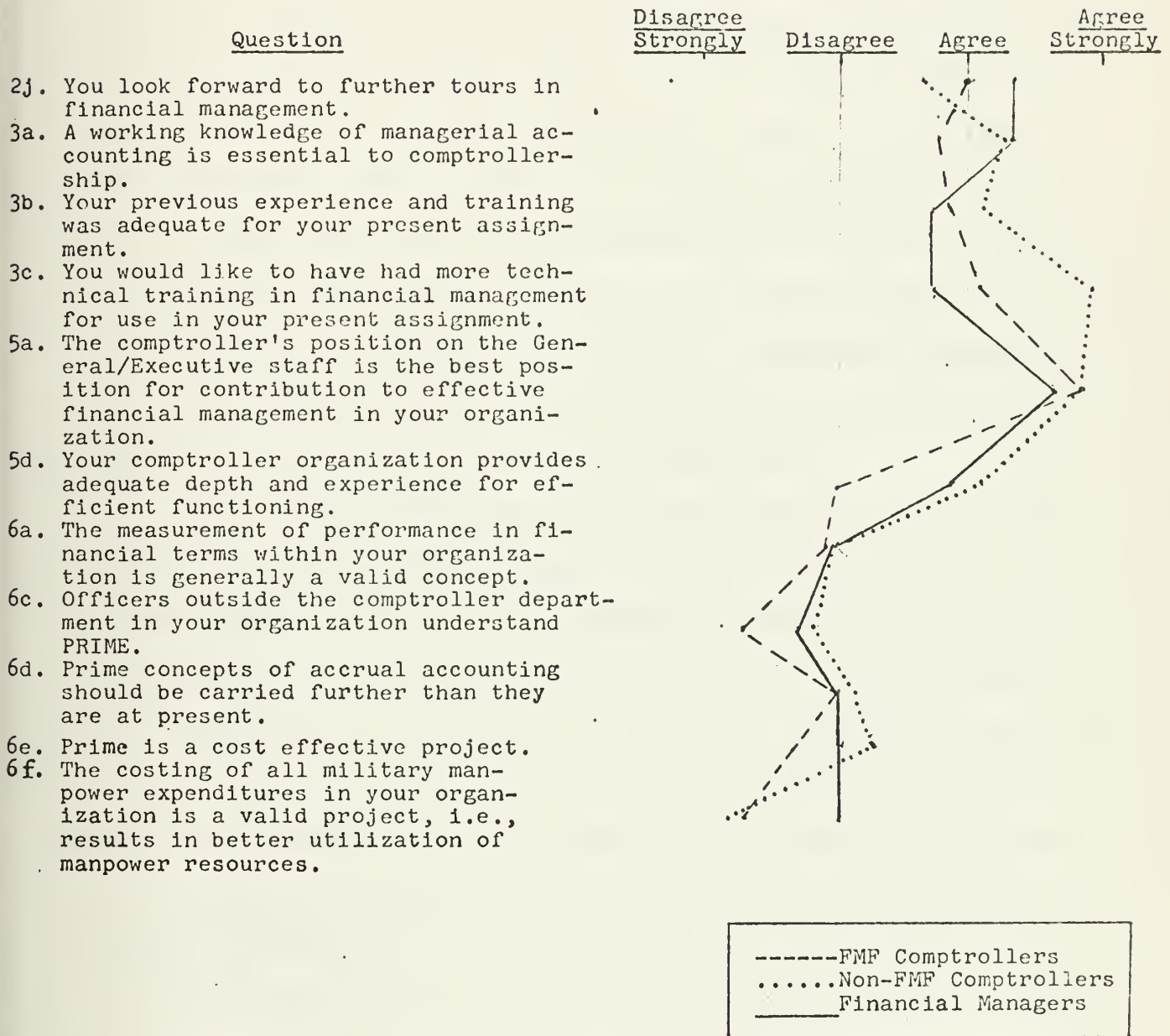
FIGURE 4
PROFILE OF AVERAGE PERSONAL CHARACTERISTICS¹



¹See Appendix B.

FIGURE 5

AVERAGE (MEAN) RESPONSES TO QUESTIONNAIRE SURVEY¹



¹See Appendix B.

His assistant is probably one rank junior to him. The comptroller, like all of the classes of Marines responding to the questionnaire, is probably from one of the "combat arms" military occupation specialities; infantry, artillery, or aviation. He has 18.8 years commissioned service. If he has attended graduate school (44.4 per cent probability) there is a 77.8 per cent probability that he went to Geroge Washington University. There is also a 44.4 per cent probability that he has a Master of Business Administration degree, and he either studied Financial Management, Management or Business in graduate school. He has been on the job 8.22 months and agrees that he looks forward to other tours in financial management.

The comptroller from the operating forces agrees that a working knowledge of managerial accounting is essential to comptrollership, but is not as adamant in this belief as his contemporaries in other jobs and his seniors. This probably stems from the fact he is not as involved in managerial accounting as other comptrollers and financial managers, due to less quantifiable output. He felt that he was adequately prepared for his present assignment but would have definitely liked more technical knowledge. He also felt that he spent most of his time on matters pertaining to the entire command and saw planning, control, and reporting as the most important functions he performed, with planning consuming the most time and receiving the greatest emphasis.

In his opinion the General Staff was the best position for the comptroller. He felt that the G-3 had the most important staff position which would probably be the natural choice in an operational unit, since the G-3 planned, coordinated and controlled all operations. However, he would prefer the job of G-4 if he had his choice. Many respondents indicated that they preferred the G-4 position because of the management of resources involved. The FMF comptroller did not agree that his organization provided adequate depth and experience for efficient functioning. It must be remembered that the FMF comptroller has no civilians on his staff to lend a long term continuity and experience factor.

The operational unit comptroller feels his prestige is equal to the other staff members, even though he is often junior to them in rank and seniority. He finds interstaff relationships with higher and lower level organizations good.

The FMF comptroller has less intimate contact with Project PRIME than do the other comptrollers and financial managers. He finds little of a positive nature to say about PRIME.

The Non-Fleet Marine Force Comptroller

The comptroller from the supporting establishment ranks slightly below his FMF compatriot, and is probably a major or lieutenant colonel. He also has a little bit less time in the Marine Corps, averaging 18.2 years commissioned service.

Normally he is assisted by a civilian above the GS-12 civil service grade. It is far more likely that he has attended graduate school (88.2 per cent probability) and that he has an MBA (52.9 per cent) in Financial management (also 52.9). He stays on the job longer than his FMF brother, having been there an average of 13.12 months. Further tours in Financial Management suit him better than the FMF comptroller and the other financial managers. He sought assignment to a non-technical advance degree program, but there is a 56.3 per cent chance that financial management was not his first choice.

The non-Fleet Marine Force comptroller felt more strongly than anyone else (3.41 on a scale from 1 to 4) that a working knowledge of managerial accounting was essential to comptrollership. His chief of staff heartily agreed with this opinion (averaging a 3.43 answer). He felt more adequately prepared by previous experience and training than the FMF comptroller, and did not agree quite as strongly as the FMF comptroller with the statement, "You would have liked to have more technical knowledge." All classes of respondents registered agreement (on the average) with this statement with the general attitude frequently expressed in comments "one never has all the technical knowledge he can use."

More of his time was spent on matters that pertained to the entire command, than on matters within the comptroller department. He saw Planning as most descriptive of the service he

provided, ranking that also as most important. The Control function, however, was seen as receiving as much emphasis as planning, and it takes more of his time. He agrees strongly that the best place for the comptroller is on the General/Executive staff. Thirty-eight per cent of supporting establishment controllers saw their own position on the staff as most important and 73.3 per cent indicated their preference for the comptrollers job over any of the other four staff positions. The chiefs of staff from the same commands saw the G-4 job as more desirable, and none would have picked the comptroller's job.

The non-FMF comptroller is much more satisfied with the depth and experience of his comptroller office, no doubt reflecting the advantages of employing long term civilian executives in financial management. The supporting establishment operates in a more stable environment, with fewer relocations and modifications of mission, and with slower personnel turnover.

Almost half of these comptrollers (43.8 per cent) felt the prestige of the comptroller was greater than that of other staff members, and none felt the comptroller had less prestige. Seventy-five per cent of the non-FMF comptrollers rated inter-staff relationships as exceptionally good, the highest possible rating.

The supporting establishment comptrollers liked PRIME better than their Fleet Marine Force counterparts, but still averaged a negative response on all the questions relating to PRIME.

Financial Managers

The classification of Financial Manager covers a wider spectrum of jobs, and as would be expected to have larger standard deviation from the mean and wider ranges about the median answers. This was not the case, however. Usually the largest deviations were in the answers of the non-FMF comptrollers.

The financial manager classification includes all holders of billets with a Financial Management Special Education degree, except comptrollers. The average incumbent of one of these billets has a lower rank than the comptrollers (probably a major) and has only been in the Marine Corps an average of 15.05 years. If he has an assistant (18.02 per cent do not) it is either a high ranking civilian or a Marine major. The financial manager comes from one of the "combat arms," and is likely to be an infantryman (45.5 per cent probability). You can be practically certain (95.5 per cent) that he has a graduate degree, with a 50 per cent chance that it is an MBA, probably in financial management (54.5 per cent probable), with a good possibility that it came from George Washington University (47.6 per cent). He feels that he is in financial management because he sought an advanced degree, but there is only a 50-50 chance that financial management was his first choice. He has been on the job 13.41 months, a longer period than either of the comptrollers. He also looks forward to further tours in financial management, but with less enthusiasm than the comptrollers have.

The financial managers place strong emphasis on a working knowledge of managerial accounting. The typical financial manager is less confident that his previous experience had adequately prepared him for his present assignment, but did not express as high a desire to have had more technical knowledge. Control was most descriptive of the service he provided. He ranked this highest in importance and emphasis also, but saw Budgeting as taking up more of his time.

He agreed strongly that the comptroller's position on the General/Executive staff was the best position. The position of G-3 was seen as most important, but the financial managers would prefer to hold the comptroller's job.

He felt that his comptroller organization provided sufficient depth and experience. Very few of the financial managers are part of the Fleet Marine Forces, so the staffs they are part of usually contain many highly experienced civilians who add a note of continuity to operations.

The rating of prestige covered a wide spectrum. Thirty-six and eight tenths per cent felt that comptroller's had equal prestige, 47.4 per cent felt they had more, and 15.8 per cent felt that they had less than other staff members. The financial managers saw interstaff relationships as being of poorer quality than those viewed by the comptrollers. The typical financial manager viewed PRIME in the same light as the comptrollers, generally in an unfavorable light.

We shall direct our attention to a few salient points. Experience in financial management is low indicating a potential trouble area. Many financial management billets are filled with officers who rank a grade or even two grades below the billet requirement. This could mean that the comptroller or financial manager has less influence when dealing with other staff members who outrank him, and have more experience. Also of significance is the lack of depth and experience evident in Fleet Marine comptroller staff sections. The profiles do point up one area which might prove to be a problem; experience. We can see that Marine comptrollers and financial managers do not have a wealth of experience in financial management. Chapter III shows that the Marines probably place less emphasis on financial training than the other services do. Recent developments show that financial management will probably become more complicated, and will require more experience and training for the financial manager. All of this could spell trouble for the Marine philosophy of not creating financial management specialists.

CHAPTER V

CONCLUSIONS AND RECOMMENDATIONS FOR FURTHER STUDY

Restatement of Research Questions

The main objective of this study as stated in Chapter I is to determine if the concept and practice of controllership in the Marine Corps makes a substantial contribution to effective financial management. The main objective can best be secured through key intermediate objectives, the subsidiary questions restated below:

How Did Marine Corps Financial Management Evolve?

Chapter II briefly described Marine Corps history in terms of financial management. The first Commandant of the Marine Corps watched his dollars carefully. From its inception, one of the unwritten traditions of the Corps seems to be economy. The reputation for economy has provided the Marine Corps with a defense, in what was often a fight for survival in Congress, the executive mansion, and the office of the Secretary of the Navy. It has proven a valuable defense and is not likely to be abandoned. Despite this emphasis on economy the Corps has guarded against a takeover by comptrollers and other financial

managers. The responsibility for economy still rests squarely on the shoulders of the commander. Nevertheless the role of the comptroller and the headquarters Fiscal Division have grown steadily since the first true financial management structure was established in 1953. The financial aspects of management have been increasingly emphasized throughout the federal government, and the Marine Corps is forced to follow this trend.

What is the Present State in the Evolution
of Financial Management in the Marine Corps?

Chapter II sketches the financial management structure which has evolved in the Marine Corps. It shows the principle comptroller functions in the Marine Corps performed by the Fiscal Director at Headquarters Marine Corps. Three of the four Marine Corps appropriations are budgeted for and administered from the headquarters level. The headquarter Fiscal Division is large, comprehensive, and representative of the heavy centralization of financial control. In contrast, the comptroller sections at lower managerial levels are shallow in depth and function within narrow limits of staff responsibility. The extent of the comptroller function varies with mission, the commanding officers' modus operandi, and the current situation. Operational commands do not place as much emphasis on comptrollership as commands of the supporting establishment, and this is reflected in their comptroller organizations.

How are Marines Prepared for Financial Management Assignments?

Chapter III discussed Financial Management training in the Marine Corps. For the officer selected for financial management training, the courses available are similar to those available to officers from the other armed services. Apparently the Marine Corps does not place as much emphasis on fiscal management in its general training of all officers, as the other services do. One problem area revealed in the questionnaire survey conducted lies in the training of enlisted Marines assigned to financial management billets. The Marine Corps is attempting to overcome inadequacies in that area through interim correspondence training, and the eventual establishment of a financial management training course for enlisted men.

How Does Comptrollership in the Marine Corps Differ From and in What Ways is it Similar to Comptrollership in Civilian Organizations?

In Chapter IV we examined the Marine Corps comptroller in light of a number of functions attributed to comptrollership by Marine Corps directives, and by two authors concerned with comptrollership in the private sector.

Comptrollership in many civilian organizations has taken on broader perspectives. In many organizations comptrollership embodies operational control as well as management control. The comptroller in these organizations becomes responsible for

assuring that specific tasks are carried out effectively and efficiently, as well as assuring that resources are obtained and used effectively and efficiently.¹

From the descriptions obtained in this writer's survey of comptrollers and from pertinent Marine Corps directives and other writings, it is evident that the Marine Corps comptroller in no way approaches the area of operational control. His area of operation is pretty much restricted to the management of resources. Other differences from the civilian sector were not as easily identified. The division of responsibility between the comptroller and line managers varies greatly in the civilian sector, a reflection, we are told, of the tradition of the company and the personalities involved.² There are companies whose comptrollers perform functions similar to that of Marine comptrollers, and there are companies whose comptroller's jobs are completely different. If we viewed the comptroller jobs arranged on a spectrum ranging from narrow, sharply defined authority and responsibility on the left end, to broad managerial responsibilities, power and control over the organization on the right end, the Marine Corps comptroller would be closer to the left. One area in which the Marine Corps comptroller is assigned responsibility is disbursing, which largely deals with personnel salaries and expenses. Civilian comptrollers exercise very

¹Robert N. Anthony, John Dearden, and Richard F. Vancil, Management Control Systems, (Homewood, Illinois: Richard D. Irwin, Inc., 1965), pp. 2-15.

²Ibid., p. 15.

little authority in the payroll department. Marine Corps organizations have no treasurer per se, so the comptroller, as the staff officer commonly associated with dollars, receives staff cognizance over the disbursing function.

Areas where the Marine Corps concept of comptrollership generally coincide with the private sector are:

1. Controllership is a staff function, clearly divorced from line relationships..
2. The importance of comptrollership is clearly recognized, and it receives a good deal of command emphasis.
3. The comptroller requires broad operating knowledge and is not merely an accounting specialist.
4. The comptroller is part of "top-level" management.

Which Comptroller Functions Receive the Greatest Emphasis in the Marine Corps?

The survey of comptrollers and financial managers showed that Planning was the paramount function of comptrollers as far as importance and emphasis were concerned, with the functions of Control, Reporting, and Accounting following close behind. The emphasis placed on a particular function naturally varied with mission and the commander's peculiar operating style. Many comptroller's also indicated that no single function could be isolated as most important, that is, they were interdependent and must all be accomplished to guarantee mission effectiveness.

doctrine. He can be either a member of the General/Executive Staff, or a special staff officer. As a member of the General/Special Staff, the Assistant Chief of Staff Comptroller is afforded the best access to the commander, and a good deal of authority and prestige. In the author's survey, only one person responding to the questionnaire did not agree that the General/Executive staff level was the best position for the comptroller to contribute effective financial management.

If we consider the Fiscal Director at least in part a comptroller, we can find ample reasons for shifting his position. Shifting the Fiscal Director to the Deputy Chief of Staff level would:

1. Bring Marine Corps organization more in line with the Department of the Navy and the Defense Department organization where the Assistant Secretaries for Financial Management occupy top level billets.
2. Place the Fiscal Director (or Deputy Chief of Staff for Financial Management) in a better position for the overall coordination of budgetary and other accounting matters, i.e., give the Fiscal Director more authority and prestige.
3. Afford the Fiscal Director more direct access to the Commandant of the Marine Corps.

The Marine Corps concept of financial management appears to be healthy with one area in question. Will the increasing complexities of military comptrollership allow the Marine Corps

to continue its policy of not developing "a corps of comptrollers?" The answer to this question can be yes if the Corps is willing to pay the price of increased training in financial management. The Corps has in recent years committed itself to increased financial management training at intermediate and high level officers' schools, an expanded correspondence study program,¹ and the eventual establishment of a financial management school.²

General Conclusion

How Effective is Comptrollership in the Marine Corps?

It is difficult to compare the benefits from one armed service with those from another. The Marines will provide us with three amphibious Marine Divisions and three Marine Aircraft Wings, plus many other services provided by the Corps for a cost of \$1.8 billion in Fiscal Year 1972. The Marine Corps budget usually represents less than two per cent of the entire defense budget, and less than five per cent of the Navy Department budget.³ The Army will provide 13 divisions for \$21.5 billion and the Air Force will supply 21 wings at \$22.8 billion.⁴ By simple

¹ Simmons, "Planners, Programmers, and Budgeteers," p. 52.

² Captain Yost, interview, September 17, 1971.

³ Lawrence J. Korb, "The Secretary of Defense and the Joint Chiefs of Staff in the Budgetary process, 1947-1971," Naval War College Review, Vol. XXIV, No. 4, (December, 1971), p. 22.

⁴ George Hunt, "Our Four Star Military Mess," Life, June, 1971, pp. 50-68.

arithmetic the cost of three army divisions and three air force wings is then \$10.53 billion, almost six times the cost of the Marine Corps.

Of course anyone who knows anything about the structure and financing of the armed services can criticize such an attempt at quantification. A Marine Division is much larger than an Army division and more capable of independent, unsupported action. It is trained and equipped for amphibious warfare which means starting at a hostile water line with zero combat power, and rapidly engaging and destroying the enemy. In some ways the taxpayer gets more for his money from a Marine division. However, the Marine division has no organic aircraft and must receive air support from external, preferably Marine aviation forces. An Army division on the other hand has many expensive helicopters.

The Marine Aircraft Wing is much larger than an Air Force wing. It has many varied capabilities with a distinct specialty of close support of amphibious troops. It contains fighter, attack, transport, reconnaissance, and rotary wing aircraft, and a sophisticated control system. The Air Force has a more highly specialized, smaller aviation wing. But the Marine Corps does not pay for the planes, the pilot's training, the fuel, the bombs, or many of the support items. These came from Navy funds ("blue dollars").

The Marines profit from their smallness in many ways. The Marines can buy many things at low cost from the other services, such as training, equipment, supplies and research and development.

The entire mission of the Army is not reflected in the number of divisions it can field. For example, the Army Corps of Engineers performs many services that are far removed from the realm of national security. Neither can the whole contribution of the Marine Corps be reflected in the number of divisions and wings it musters. The Marines provide security at embassies around the world, guard important naval installations and serve on many high level joint and combined staffs as experts on amphibious operations. The Marines also maintain a large development center which has made invaluable contributions to U.S. amphibious doctrine.

In a recent article, highly critical of the armed forces, Hunt, a noted military author found the services in "ragged shape," lagging in technology, and seriously undermined by inflation, worn out strategies, and entrenched old ways of top direction and allocation of budget money. He found the Marines in superb shape, praised them highly, but recommended that the Corps be reduced in size.¹

¹George Hunt, "Our Four Star Military Mess," Life, (June, 1971), pp. 50-68. One can question Hunt's objectivity. He was a highly decorated World War II Marine lieutenant colonel, and has written numerous books and articles about the Marine Corps. His recommendation for large strength cuts, however, make it obvious that he is not following any official Marine Corps "party line."

It is now time to directly attack the question,--does the concept and practice of comptrollership in the Marine Corps make a substantial contribution to effective financial management? There is no way to connect high quality at low cost with the practice of comptrollership. The Marines were effective and economical before the practice of comptrollership was introduced, and they have been effective and economical since it has been introduced. Hundreds of interdependent variables prohibit any valid "before and after" analysis. The conclusion that is reached is: the United States Marine Corps is an efficient, effective organization, with a concept of comptrollership that is based on command responsibility, and it is not possible to give the concept of comptrollership credit for the effectiveness and efficiency. It would be more intuitively satisfying to say that the effectiveness and efficiency can probably be credited to absolute insistence on command responsibility.

If this thesis is accepted, then it can be argued that the concept of comptrollership has made significant contribution to the extent that the comptroller has assisted the commander in discharging his fiscal responsibilities. This extent will vary with the comptroller, commander, organization, mission and situation. It becomes obvious that as the business of financial management becomes more and more complex, the organization will be more and more dependent on the comptroller, as fewer and fewer other Marines understand the intricacies of his job. Thus the increasing complexity and sophistication of the military

financial management systems will serve to make the comptroller a lonely "expert," and will guarantee that he will make a significant contribution to effective financial management.

In the final analysis we cannot accurately measure the comptroller's contribution in the Marine Corps without altering the organism. Since we cannot amputate comptrollership and observe how the remaining organism fares, we can reach no irrefutable conclusions. We must instead be satisfied with this observation. Marine commanders manage their assets well, using a carefully throughout concept of comptrollership as a tool to assist them. Apparently the tool is a good one.

Recommendation for Further Study

It is recommended that further study be pursued in the following areas:

1. What would be the effect of shifting the position of Fiscal Director, Marine Corps to the Deputy Chief of Staff level at Headquarters Marine Corps?
2. What specific educational requirements will Marine Corps financial management need in the future?
3. What portions of the George Washington University Navy Graduate Financial Management course are considered most relevant by Marine Corps graduates?
4. How is financial management in the Marine Corps changing? This research could be accomplished by distributing a questionnaire similar to the one used by this author, and comparing the results obtained.

APPENDIX A

Definitions¹

Accrual Accounting: This is a method of accounting whereby operating costs are accounted for in the fiscal period during which benefits are received, costs for which benefits are applicable to future periods are deferred and considered as assets, liabilities for unpaid costs are recorded in the accounts when goods or services are received, and income for work or services performed on a reimbursable order is recorded in the accounts when reimbursable expenses are incurred.

Administrative Limitation: A limitation imposed within an administrative agency upon the use of an appropriation or other fund having the same effect as a fund subdivision in the control of obligations and expenditures.

Allotment: The authority, expressed in terms of a specific amount of funds, granted to a Commander by competent authority, to obligate and expend funds for a particular purpose.

¹Sources:

a. Marine Corps Institute, 34.8, Accounting for Operating Budgets, (Washington, D.C.: Marine Corps Institute, 1969), Correspondence Course, pp. 1-3 to 1-5.

b. Joint Chiefs of Staff Publication 1, Dictionary of United States Military Terms for Joint Usage, (Washington, D.C.: Government Printing Office, 1964).

c. U.S. Marine Corps Air Bases, Easton Area, Order P7000.1, Financial Management Standard Operating Procedure, (Cherry Point, N.C.: Marine Corps Air Bases, Eastern Area, 1970), pp. 1-1 to 1-12.

The holder of an allotment or suballotment is legally responsible under Section 3679, Revised Statutes, for the proper expenditure of allotted funds. All allotments must be accounted for by Commanders until the appropriation lapses or until all obligations are liquidated, whichever occurs first, and are reported on Status of Fund Authorization (NAVCOMPT Form 2025), Figure 1, Appendix A.

Appropriation: An authorization by an Act of Congress to incur obligations for designated purposes, for which payment will be made out of the Treasury of the United States.

Appropriation Purchase Account (APA): An account to record the receipts, expenditures, and transfers of Navy material that has been centrally procured for issue without charge to field activities. Material requisitioned from the APA results in a statistical charge only and is not a charge against an operating target, allotment or planning estimate. Examples of material in this account are aircraft components, most ground handling equipment, and other end items of equipment that are of a repairable nature.

Audit: The systematic examination of records and documents to determine: (1) adequacy and effectiveness of budgeting, accounting, financial, and related policies and procedures; (2) compliance with applicable statutes, regulations, policies, and prescribed procedures; (3) reliability, accuracy, and completeness of financial and administrative records and reports; and (4) the extent to which funds and other resources are properly protected and effectively used.

Authorized Accounting Activity: The activity which maintains the official accounting records for an allotment, operating budget (OPBUD), or suboperating budget (SUBOPBUD).

Budget: A comprehensive plan of financial requirements reflecting in dollars the estimate of funds needed to carry out the assigned mission, or missions, over a specified period of time.

Budget Project: A subdivision of an appropriation which is established to facilitate administration and control of an appropriation. Budget projects relate to the accomplishment of specific functions for accounting purposes.

Budget Year: The year following the current fiscal year, and for which the budget estimate is prepared. For example, if the current fiscal year is Fiscal Year 1971, the budget year would be Fiscal Year 1972.

Calendar Year: The period commencing 1 January and ending 31 December.

Central Operating Activity (COA): An activity located in the Fiscal Division, Headquarters Marine Corps, which provides the monthly MILPERS billing to all field responsibility centers. COA is also frequently called "central operating authority."

Civilian Personnel Ceiling: Maximum number of civilians who may be employed full-time as determined by appropriate authority. The full-time equivalent of part-time employment, expressed in man-months, is included in the ceiling.

Commitment: A firm administrative reservation of funds based on firm procurement directives, orders, requisitions, authorizations to issue travel orders, or requests which authorize the recipient to create obligations without further recourse to the official responsible for certifying the availability of funds.

Cost Account Code (CAC): Alpha/numeric accounts established to classify transactions by cost according to the purpose of the transactions. Cost account codes will be used to identify, uniformly, the contents of management report requirements.

Cost Based Budget: A budget formulated on the basis of the cost of goods and services actually to be received during a given period whether paid for before the end of the period or not; not to be confused with an expenditure-based budget, which is based upon the cost of goods and services received and actually paid for.

Cost Center: A cost center is an organizational entity for which identification of costs is desired and which is amenable to cost control through one responsible supervisor. It is the first subdivision of a responsibility center or subresponsibility center, generally referred to as an OPTAR Holder.

Cost Code: A coded entry on a demand document which provides information needed for the preparation of reports requiring detail below the level of that identified by the remainder of the accounting data presented or for which shortened coding is desired.

Deferred Maintenance: Estimated costs of materials and services which are required to bring property, needing maintenance, to a state of proper condition, but which, for some reason, has not yet been made. Costs are usually explained in the budget, or other financial statement, by a footnote.

Expenditure: An amount of money actually expended from an appropriation.

Expenses: The cost of resources consumed or applied during the accounting period. Expenses to be included in the operating budget consist of civilian labor, military services applied, material consumed or applied, services rendered, rental of facilities and equipment, and cost transfers. Included as an expense are the costs of end items of equipment having a unit value of less than \$1,000, the cost of minor construction of projects of value of \$25,000 or less and the cost of certain major projects of value of \$200,000 or less.

Expense Authority: Firm expense limit placed on the manager of a responsibility center or a cost center which contains the dollar value of all resources required for mission performance after consideration of prior years unfilled order positions and current expectations.

Expense Control: An account used to record all accrued expenses for a period.

Expense Element: Expense elements specify the type of resource being consumed in the functional/subfunctional category

or program element. These are listed and defined in the NAVCOMPT Manual, Volume 2, par. 024620.

Expense Operating Budget (EOB): A term applied to both a budget submission and an authorization of funds for a responsibility center.

Expense Operating Budget (EOB) Report Codes: A four-digit alpha/numeric code utilized for ledger posting in the Accounting Division as a means of providing reports to cost and sub-cost center managers for control of the expense and obligational authority.

Fleet Marine Force: A balanced force of combined arms comprising land, air, and service elements of the US Marine Corps. A Fleet Marine Force is an integral part of a US Fleet and has the status of a type command.

Fiscal Year: Accounting period beginning on 1 July and ending on 30 June of the following year. The fiscal year is designated by the calendar year in which it ends. Fiscal Year 1972 begins on 1 July 1971 and ends 30 June 1972.

Five Year Defense Program (FYDP): The Five Year Defense Program is the summation of all approved programs of all Department of Defense Components in which resources (inputs), phased over a five-year period, are combined with military outputs or programs phased over the same period. The FYDP is expressed in terms of three major components; programs, program elements, and resource categories.

Functional/Subfunctional (F/SF) Categories: Identifies a function within an activity; e.g., administrative function, base operations, supply operations, and are assigned for external reporting.

Fund Code: A two-digit code used on documents to indicate certain items of accounting data. Generally, the fund code represents or identifies the appropriation, subhead and general purpose of the expenditure.

Job Order Number (JON): An alpha-numeric code used to identify and record complete accounting information in summarized manner regarding the type of expense for which work is performed, services rendered or material used.

Imprest Fund: Fixed amount of cash used to cover minor expenditures for local commercial purposes. Payments from the fund are reimbursed from time to time to maintain the amount at which the fund is fixed.

Industrial Fund: A revolving fund established at industrial type activities where products or services are provided external users for reimbursement. Charges to the fund are made for procurement of materials, services and labor, and the fund is reimbursed by proceeds from the sale of products and services.

Journal Voucher (JV): Supporting document or listing of transactions used for posting ledgers and accounts.

Major Claimants: Bureaus, offices or commands which administer funds for their subordinate commands.

Marine Corps Stock Fund Account (MCSFA): An account authorized by Congress to record the receipts, expenditures and transfers of material for Marine Corps use. Material requisitioned from the Stock Fund Account results in a charge to a unit's allotment, operating target, planning estimate, or requisitional authority.

Navy Stock Account (NSA): An account authorized by Congress to record the receipts, expenditures and transfer of material for Navy use. Material requisitioned from the Navy Stock Account results in a charge to a unit's allotment, planning estimate, or operating target.

New Obligational Authority (NOA): New obligatory authority financed by the current year operations and maintenance appropriation will be a limitation on a cumulative basis, subject to Section 3679 R.S. When new obligatory authority is exceeded, a Section 3679 R.S. violation report is required. New obligatory authority is automatically increased to the extent reimbursable orders are accepted.

Nonappropriated Funds: Nonappropriated funds are government funds that have been generated from sources other than those appropriated by Congress and which are used to support military and civilian morale, welfare and recreation activities.

Obligation: A transaction in which an order is placed, a contract is awarded, a service is received; e.g., orders are issued directing travel, and similar transactions are entered into requiring the future payment of money in an agreed amount.

Obligational Authority: See New Obligational Authority.

Operating Budget (OPBUD): An operating budget is the annual budget of an activity (responsibility center) stated in terms of functional/subfunctional categories and cost accounts. It contains estimates of the total value of all resources required for the performance of the mission, including reimbursable work. In addition, a quantitative expression of workload in terms of the total number of work units by appropriate level of cost account is included.

Operation and Maintenance, Marine Corps (O&M,MC): The title of the Congressional appropriation from which this Command's operating funds are furnished.

Operating Target (OPTAR): An amount of money granted to a unit commander, department head, or sub-division of a unit or department (cost centers or subcost centers) for the purpose of carrying out his mission. OPTAR Holders may receive EOB and Non-EOB funds.

Planning Estimate/Operating Target (OPTAR): An amount of money subject to administrative control which is issued to a level below the cost center as determined by the OpBud/Sub-OpBud holder or is issued to specific Marine Corps organizations not included in any responsibility center.

Plant Property: Government owned, real and personal property of a capital nature located at activities under the management control of the Commandant, or which has been furnished

to a private contractor; includes government owned property in the possession of activities not under the management control of the Commandant when title to the property remains vested in the Marine Corps.

Program Elements: A program element is the basic building block of the Five-Year Defense Program (FYDP) and is a description of the mission to be undertaken and a collection of the organizational entities identified to perform the mission assignment. Elements may consist of forces, manpower, materials, services and/or associated costs as applicable.

Reimbursable Account: An account established so that an expenditure may be made for, or on behalf of, another agency, fund, appropriation, private individual, firm or corporation, or nonappropriated fund activity, which subsequently will be recovered in cash or its equivalent by the performing activity. Reimbursable accounts are divided into two categories; direct reimbursements and allocated reimbursements. Direct reimbursements are those costs which can be identified specifically to a reimbursable order when they are incurred. The costs for direct reimbursements earned are accumulated through normal labor, material, and other distribution processes by reimbursable jobs. Allocated reimbursables are costs which cannot be identified to a specific reimbursable work order when the work is performed, such as utility generation costs. Allocated reimbursements earned will be computed by the Comptroller Department based on

a predetermined rate or percentage of certain designated cost account codes within the performing functional/subfunctional category.

Reporting Unit Code (RUC): A numerical symbol assigned to Navy and Marine Corps activities for the purpose of identifying all documents which enter the supply/accounting systems.

Resources: Consist of military and civilian personnel, material on hand and on order, and the entitlement to procure or use material, utilities, and services as required for performance of the basic mission of the responsibility center and work performed for others.

Responsibility Center: A responsibility center is an organizational entity headed by an officer or supervisor who is responsible for the management of resources in the unit and who can significantly influence the expenses incurred in the unit.

Statistical Cost: Cost data derived from the value of goods received and services rendered, but for which no actual expenditure of funds from an allotment is required.

Sub-Operating Budget (SUBOPBUD): A Sub-Operating Budget is the annual budget of certain designated major subordinate commands.

Unfilled Order (UFO): An unfilled order is any document meeting the criteria of an obligation, as contained in NAVCOMPT Manual, par. 022072, issued for materials and/or services that have not as yet been received (expensed). These relate to

transactions covering outstanding (not received) reimbursable orders for material, contracts, and services; outstanding Marine Corps material requisitions referred to Marine Corps Stock Fund Accounts; and non-reimbursable requisitions for services, contracts, and travel orders not received or completed. OPTAR Holder balances are officially reduced by the value of transactions designated as Unfilled Orders.

Unfilled Requisition (UR): Any material request which does not qualify as an obligation but has been accepted by a supply activity and cannot be satisfied from available stocks. These requisitions may be satisfied by issue from stocks due; by referral to another Navy or Marine Corps Activity; or by initiation of procurement action. The available balance of the OPTAR authorization is not reduced by unfilled requisitions until such time as they become unfilled orders or requisitioning action is completed and the requisition/order filled. However, funds must be reserved by the requisitioner (OPTAR or OPBUD Holder) so that payment can be made for material (expensed) upon delivery.

Voucher: Any document which is evidence of a transaction, showing the nature and amount of the transaction. It usually indicates the accounts in which the transaction is to be recorded.

Work Units: Work units are measures of output that express volume of work; conversely, manhours and dollars are measures of input required to produce work units or perform work.

APPENDIX B

STATISTICAL RESULTS OF SURVEY

Figure 6 is a sample questionnaire survey. It is followed by a description of the responses to the question, showing percentage distributions within the categories of officers responding.

Many of the questions involved a choice of one of four possible responses. These responses were assigned a numerical value from one to four in order to compute statistical data, with one usually indicating "Strongly Disagree" and four indicating "Agree Strongly." Averages below 2.5 indicated disagreement, while those above 2.5 indicated agreement.

In the cases where questionnaire recipients were asked to rank functions in order of importance, time or emphasis, the actual frequencies were omitted because of space limitations, and only the resulting rank order is given.

FIGURE 6

SAMPLE QUESTIONNAIRE

1. Background Information

- a. Type of unit: (Check one) Fleet Marine Force _____
Non-FMF _____ Description (Wing, Division, Force, Base,
etc.) _____

- b. Rank/grade of deputy/assistant _____
- c. Number, grades, and titles of subordinates. (A brief description of your department/organization.) _____

2. Personal Qualifications

- a. Rank _____ b. Military Occupational Specialty _____
- c. Present Assignment _____
- d. Length of active commissioned service _____ years.
- e. Education level _____ f. Type of degree _____
discipline _____
- g. Previous experience in financial management field prior to present assignment. _____
- h. How long have you been assigned to the billet you now occupy? _____
- i. Have you attended Special Education or Advanced Degree training? yes _____ no _____ At George Washington University? yes _____ no _____
- j. You look forward to further tours in financial management. (Check one.) Strongly disagree _____ Disagree _____
Agree _____ Agree Strongly _____
Comment _____
- k. Are you in a financial management billet because you sought assignment to a non-technical Advanced Degree program? yes _____ no _____. If so, was financial management your first choice? yes _____ no _____

3. Opinions on Technical Qualifications

- a. A working knowledge of managerial accounting is essential to comptrollership. Strongly disagree _____ Disagree _____
Agree _____ Agree Strongly _____
- b. Your previous experience and training was adequate for your present assignment. Strongly disagree _____
Disagree _____ Agree _____ Agree Strongly _____
- c. You would like to have had more technical training in financial management for use in your present assignment. Strongly disagree _____ Disagree _____ Agree _____ Agree strongly _____
Comment _____

- d. Please describe any recommendation you have on how to better qualify officers for controllership. _____

4. Opinions of Financial Management Functioning

- a. More of the Comptroller's time is spent: (Check one)
 On internal office management in the comptroller organization. _____
 On issues that pertain to the entire command. _____
 Comment _____

- b. Heckert and Willson list the following controller functions in Controllership. In the first column, under "Importance," rank the four functions in the order in which you perceive their importance, with #1 being the most important. In the second column, "Time," rank the functions in the order of time they receive in your organization (#1 consuming the most time). In the third column, rank them in order of command emphasis (#1 receiving greatest emphasis).

	Importance	Time	Emphasis
Planning function	()	()	()
Control function (development of standards, and assistance in encouraging conformance of results to standards)	()	()	()
Reporting (Preparation, analysis and interpretation of financial facts and figures for management)	()	()	()
Accounting (general and cost accounting)	()	()	()

- c. FMFM 3-1 gives the following responsibilities to comptrollers. Please rank them (1-4) as above.

	Importance	Time	Emphasis
Budgeting	()	()	()
Accounting	()	()	()
Disbursing	()	()	()
Progress and Statistics	()	()	()

- d. The Controllers' Institute of America lists 6 functions. Please rank them (1-6) as above.

	Importance	Time	Emphasis
Control (through cost standards, budgets, etc.)	()	()	()
Performance Measurement (against financial standards)	()	()	()
Validating Objectives (measure of the validity of objectives and the effectiveness of policies, organizational structure, and procedures in obtaining objectives)	()	()	()
Reporting (internal)	()	()	()
Reporting (external)	()	()	()
Protection for assets (establishing internal control and review)	()	()	()

- e. Which of the above 14 functions is most descriptive of the service the comptroller provides your organization?

Comment _____

- f. What in your opinion is the comptroller's most important function? _____

- g. Which one of the above 14 functions consumes the most of the comptroller's time? _____
Comment _____

- h. Which receives greatest command emphasis? _____
Comment _____

5. Comptroller's Position in the Management Structure

- a. The comptroller's position on the General/Executive Staff is the best position for contribution to effective financial management in your organization. Strongly disagree _____ Disagree _____ Agree _____ Agree strongly _____
Comment _____
- b. Rank the following staff positions in the order of importance as you perceive them in your command. G-1 _____
G-2 _____ G-3 _____ G-4 _____ Comptroller _____

- c. Which of the above staff positions would you prefer to hold in your organization/command? _____
- d. Your comptroller organization provides adequate depth and experience for efficient functioning. Strongly disagree _____ Disagree _____ Agree _____ Agree strongly _____
Comment _____
- e. How does the prestige of the comptroller compare with that of other staff members in your organization?
Equal to _____ More than _____ Less than _____
- f. Based on other staff relationships within your command, is the interstaff relationship dealing with financial management with higher and lower commands: exception-ally poor _____ inadequate _____ adequate _____ above average _____
good _____ exceptionally good _____
Comment _____

6. Project PRIME

- a. The measurement of performance in financial terms within your organization is generally a valid concept.
Strongly disagree _____ Disagree _____ Agree _____ Agree strongly _____
Strongly _____
Comment _____
- b. What are the most valuable local applications of PRIME?

- c. Officers outside the comptroller department in your organization understand PRIME (independent of your efforts to educate them). Strongly disagree _____
Disagree _____ Agree _____ Agree strongly _____
Comment _____
- d. PRIME concepts of accrual accounting should be carried further than they are at present. Strongly disagree _____
Disagree _____ Agree _____ Agree strongly _____
- e. PRIME is a cost effective project. Strongly disagree _____
Disagree _____ Agree _____ Agree strongly _____
Comment _____
- f. The costing of all military manpower expenditure in your organization is a valid project i.e., results in better utilization of manpower resources. Strongly disagree _____
Disagree _____ Agree _____ Agree strongly _____
Comment _____

Additional Comments

Background Information

The first section of the questionnaire addressed itself to pertinent background information used in identifying the type of billet from which the response came, and in constructing a profile of the average officer filling the managerial billets.

1. Background Information

- a. Type of unit: (Check one) Fleet Marine Force _____
Non-FMF _____

Comptrollers who answered the questionnaire were divided into eight in the Fleet Marine Force and 17 outside of the Fleet Marine Force. Three of the Financial Managers and six Chiefs of Staff were assigned to Fleet Marine Force units.

Description (Wing, Division, Force, Base, etc.)

The various types of units were broken down 37.5 per cent of the Fleet Marine Force comptrollers reporting were from Marine Aircraft Wings, with 25 per cent from Marine Divisions and 25 per cent from Force level headquarters. This suggests that any statistics generated might be biased towards Marine Corps aviation viewpoints, which may differ slightly since Marine aviation employs Marine Corps and Navy accounting systems.

Forty per cent of the other Comptrollers reported from supply installations, 33.3 per cent from Marine Corps Bases, 26.7 per cent from Marine Corps Air Stations.

b. Rank/grade of deputy/assistant _____

Rank	<u>FMF</u> <u>Comptroller</u>	<u>Non-FMF</u> <u>Comptroller</u>	<u>Financial</u> <u>Manager</u>
Enlisted	0	0	9.1%
Warrant Officer/ Lieutenant	33.3%	0	4.5%
Captain	11.1%	5.9%	13.6%
Major	33.3%	0	13.6%
Lt. Colonel	11.1%	17.6%	0
GS9-GS12	0	23.5%	0
Above GS12	11.1%	52.9%	27.3%
None	0	0	18.2%

2. Personal Qualifications

a. Rank

The rank of respondents was distributed in the following manner:

	<u>FMF Comptroller</u>	<u>Non-FMF Comptroller</u>	<u>Financial Manager</u>	<u>FMF Chief of Staff</u>	<u>Non-FMF Chief of Staff</u>	<u>Executive Officers</u>
Captain (0-3)	11.1%	6.3%	13.6%	0	0	0
Major (0-4)	33.3%	43.8%	54.5%	0	0	0
Lieutenant Colonel (0-5)	22.2%	43.8%	22.7%	0	0	100%
Colonel (0-6)	33.3%	6.3%	9.1%	100%	100%	0
Mean	4.78	4.5	4.27	6	6	5
Median	5.25	5.07	4.67	6.0	6.0	5.0
Std. Deviation	1.03	0.71	0.81	0	0	0
50% Range	4.4-6	4.5-5.7	4.2-5.3	6.0-6.0	6.0-6.0	5.0-5.0
25% Range	4.8-5.4	4.7-5.4	4.4-4.9	6.0-6.0	6.0-6.0	5.0-5.0

b. Military Occupational Specialty

	<u>FMF Comptroller</u>	<u>Non-FMF Comptroller</u>	<u>Financial Managers</u>	<u>FMF Chiefs of Staff</u>	<u>Non-FMF Chiefs of Staff</u>	<u>Executive Officers</u>
Ground	0	0	0	50.0%	33.3%	0
Communication	11.1%	0	0	0	0	0
Infantry	11.1%	23.5%	45.5%	16.7%	0	0
Logistics	0	0	0	0	0	0
9907	0	0	0	16.7%	16.7%	0
9908	0	0	0	0	33.3%	0
Aviation	22.2%	35.3%	22.7%	16.7%	0	100%
Artillery	11.1%	11.8%	9.1%	16.7%	0	0
4000	11.1%	0	4.5%	0	0	0
Other	33.3%	29.4%	18.2%	0	16.7%	0

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c. Present assignment

Replies were received from nine fleet Marine Force comptrollers, 17 non-FMF comptrollers, 23 Financial Managers, six FMF Chiefs of Staff, seven non-FMF Chiefs of Staff and Two Air Station Executive Officers.

d. Length of active commissioned service _____ years.

	<u>FMF Comptroller</u>	<u>Non-FMF Comptroller</u>	<u>Financial Manager</u>	<u>FMF Chiefs of Staff</u>	<u>Non-FMF Chief of Staff</u>	<u>Executive Officers</u>
Mean	18.78	18.18	15.05	27.67	25.43	24.5
Std. Deviation	7.22	6.64	4.74	1.38	4.5	5.5
Median	17.5	18.2	14.0	28.0	27.5	20
50% Range	13.3-28.3	13.2-22.8	12.2-19.2	26.8-29.5	22.8-29.4	19.5-30.5
25% Range	15.4-20.6	16.7-19.6	13.1-17.3	27.3-29.3	26.6-29.1	19.8-30.3

e. Education level _____

<u>Education Level</u>	<u>FMF Comptroller</u>	<u>Non-FMF Comptroller</u>	<u>Financial Manager</u>	<u>FMF Chiefs of Staff</u>	<u>Non-FMF Chief of Staff</u>	<u>Executive Officers</u>
Less than High School	0	0	4.5%	0	0	0
High School	22.2%	0	0	0	14.3%	0
Some College	0	0	0	0	0	100%
College	33.3%	11.8%	0	66.7%	42.9%	0
Graduate Study	44.4%	88.2%	95.5%	33.3%	42.9%	0

This information quickly reveals the high education level for
non-Fleet Marine Force Comptrollers and Financial Managers.

f. Type of degree

<u>Education Level</u>	<u>FMF Comptroller</u>	<u>Non-FMF Comptroller</u>	<u>Financial Manager</u>	<u>FMF Chief of Staff</u>	<u>Non-FMF Chief of Staff</u>	<u>Executive Officers</u>
MBA	44.4%	52.9%	50%	16.7%	14.3%	0
MS	11.1%	35.3%	40.9%	16.7%	28.6%	0
BA	22.2%	11.8%	0	0	0	0
BS	11.1%	0	0	66.7%	42.9%	0
MPA	0	0	4.5%	0	0	0
MA	0	0	4.5%	0	0	0
NONE	11.1%	0	0	0	14.3%	100%

As would be expected a high number of Masters of Business
Administration Degrees are found among Comptrollers and
Financial Managers.

	<u>FMF Comptroller</u>	<u>Non-FMF Comptroller</u>	<u>Financial Manager</u>	<u>FMF Chief of Staff</u>	<u>Non-FMF Chief of Staff</u>	<u>Executive Officers</u>
Financial Management	33.3%	52.9%	54.5%	16.7%	14.3%	0
Management	22.2%	35.3%	13.6%	0	0	0
Economics	0	5.9%	0	0	0	0
Business	11.1%	0	9.1%	0	0	0
Personnel	0	0	9.1%	0	0	0
Computer Science	0	0	4.5%	0	0	0
Math	0	5.9%	0	0	0	0
Material Management	0	0	0	0	0	0
Other	33.3%	0	9.1%	0	57.1%	100%

g. Previous experience in financial management field

It was not possible to compute a realistic figure for previous financial management experience, since some respondents counted time as commanders as financial management and others did not. Some officers listed their financial management assignment titles but did not include the length of assignment. This was a poorly worded question.

h. How long have you been assigned to the billet you now occupy? _____ months.

<u>Number of months</u>	<u>FMF Comptroller</u>	<u>Non-FMF Comptroller</u>	<u>Financial Manager</u>	<u>FMF Chief of Staff</u>	<u>Non-FMF Chief of Staff</u>	<u>Executive Officers</u>
Mean	8.22	13.12	13.41	12.33	14.17	12.5
Standard Deviation	7.00	8.79	8.28	8.96	4.91	.5

i. Have you attended Special Education or Advanced Degree training?

	<u>FMF Comptroller</u>	<u>FMF Comptroller</u>	<u>Financial Manager</u>	<u>FMF Chief of Staff</u>	<u>Non-FMF Chief of Staff</u>	<u>Executive Officers</u>
Yes	55.6%	88.2%	95.5%	16.7%	42.9%	0
No	44.4%	11.8%	4.5%	83.3%	57.1%	100%

At George Washington University?

	<u>FMF Comptroller</u>	<u>FMF Comptroller</u>	<u>Financial Manager</u>	<u>FMF Chief of Staff</u>	<u>Non-FMF Chief of Staff</u>	<u>Executive Officers</u>
Yes	77.8%	47.1%	47.6%	16.7%	28.6%	0
No	22.2%	52.9%	52.4%	83.3%	71.4%	100%

j. You look forward to further tours in financial management.

	<u>FMF</u> <u>Comptroller</u>	<u>Non-FMF</u> <u>Comptroller</u>	<u>Financial</u> <u>Manager</u>
Strongly Disagree (1)	0	0	0
Disagree (2)	11.1%	5.9%	9.5%
Agree (3)	77.8%	47.1%	42.9%
Agree Strongly (4)	11.1%	47.1%	23.8%
Mean	3.0	3.41	2.67
Std. Deviation	0.47	0.60	1.08
Median	3.50	3.94	3.33
50% Range	3.2-3.8	3.4-4.0	1.9-3.9
25% Range	3.3-3.7	3.7-4.0	3.0-3.6

k. Are you in a financial management billet because you sought assignment to a non-technical Advanced Degree Program?

<u>Response</u>	<u>FMF</u> <u>Comptroller</u>	<u>Non-FMF</u> <u>Comptroller</u>	<u>Financial</u> <u>Manager</u>
Yes	33.3%	70.6%	76.2%
No	55.6%	29.4%	29.4%
No Answer	11.1%	0	0

If so, was financial management your first choice?

<u>Response</u>	<u>FMF</u> <u>Comptroller</u>	<u>Non-FMF</u> <u>Comptroller</u>	<u>Financial</u> <u>Manager</u>
Yes	33.3%	43.8%	47.1%
No	66.7%	56.3%	47.1%
No Answer	0	0	5.9%

3. Opinions on Technical Qualifications

In this section recipients were asked to choose the descriptive answer which best expressed their opinion of a given statement.

a. A working knowledge of managerial accounting is essential to comptrollership.

<u>Response</u>	<u>FMF</u> <u>Comptroller</u>	<u>Non-FMF</u> <u>Comptroller</u>	<u>Financial</u> <u>Managers</u>	<u>FMF Chiefs</u> <u>of Staff</u>	<u>Non-FMF</u> <u>Chiefs of</u> <u>Staff</u>	<u>Executive</u> <u>Officers</u>
Strongly Disagree (1)	22.2%	5.9%	4.8%	0	0	0
Disagree (2)	0	11.8%	0	0	0	0
Agree (3)	55.6%	17.6%	47.6	83%	57.1%	100%
Agree Strongly (4)	22.2%	64.7%	47.6	16.7%	42.9%	0
Mean	2.78	3.41	3.38	3.16	3.43	3.0
Std. Deviation	1.03	0.91	0.72	0.37	0.50	0
Median	3.50	4.00	3.90	3.60	3.88	3.5
50% Range	3.1-4.0	4.0-4.0	3.4-4.0	3.3-3.8	3.4-3.0	3.3-3.8
25% Range	3.3-3.7	4.0-4.0	3.6-4.0	3.5-3.7	3.7-4.0	3.4-3.6

Generally all classes of respondents felt a working knowledge of managerial accounting is essential. The Fleet Marine Force comptrollers, who are less involved with managerial accounting registered the lowest degree of agreement with the statement.

b. The previous experience and training of your organization's comptroller was adequate for his present assignment.

Response	FMF Comptroller	Non-FMF Comptroller	Financial Manager	FMF Chiefs of Staff	Non-FMF	
					Chiefs of Staff	Executive Officers
Strongly Disagree(1)	11.1%	5.9%	9.1%	0	0	0
Disagree(2)	22.2%	11.8%	22.7%	0	0	0
Agree(3)	33.3%	47.1%	50.0%	66.7%	42.9%	100%
Agree Strongly(4)	33.3%	35.3%	18.2%	33.3%	57.1%	0
Mean	2.89	3.12	2.77	3.33	3.57	3.
Std. Deviation	0.99	0.83	0.85	0.47	.50	0
Median	3.50	3.69	3.12	3.75	4.0	1.0
50% Range	2.6-4.0	3.2-4.0	2.7-3.9	3.4-4.0	3.6-4.0	1.0-3.5
25% Range	3.1-3.8	3.4-3.9	3.1-3.6	3.6-3.9	3.9-4.0	1.0-3.3

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All classes indicated that previous experience had been adequate, on the average. FMF Comptrollers who, as a class, expressed the sentiment that their organizations were lacking in depth and experience, also indicated a high incidence (33.3%) of feeling that they had not been adequately prepared for their job.

c. More technical training in financial management would be desirable for your organization's comptroller.

	<u>FMF Comptroller</u>	<u>Non-FMF Comptroller</u>	<u>Financial Managers</u>	<u>FMF Chiefs of Staff</u>	<u>Non-FMF Chiefs of Staff</u>	<u>Executive Officers</u>
Strongly Disagree (1)	0	11.1%	9.5%	0	0	0
Disagree (2)	20%	22.2%	33.3%	20%	66.7%	50%
Agree (3)	50%	27.8%	33.3%	80%	33.3%	50%
Strongly Disagree (4)	30%	38.9%	23.8%	0	0	0
Mean	3.1	3.94	2.71	2.8	2.3	2.5
Std. Deviation	0.7	1.03	0.93	0.4	0.47	0.5
Median	3.63	3.63	3.21	3.25	2.63	1.00
50% Range	3.0-4.0	2.6-4.0	2.5-4.0	2.5-3.6	2.2-3.1	0.5-3.5
25% Range	3.4-3.9	3.1-3.8	2.8-3.6	3.1-3.4	2.4-2.8	0.7-3.2

4. Opinions on Financial Management Functioning.

- a. More of the Comptroller's time is spent: (Check one)

On internal office management in the comptroller organization _____

On issues that pertain to the entire command _____

Practically all questionnaire respondents indicated that the comptroller spends most of his time on matters pertaining to the entire command, rather than within the comptroller department. This was a poorly worded question because it neglected one obvious alternative, time spent on matters that pertain to some particular part of the command; i.e., one subordinate unit.

- b. Heckert and Willson list the following controller functions in Controllership. In the first column, under "Importance," rank the four functions in the order in which you perceive their importance, with #1 being the most important. In the third column, rank them in order of command emphasis, #1 receiving greatest emphasis.

	<u>FMF</u> <u>Comptroller</u>	<u>Non-FMF Comptrollers,</u> <u>Financial Managers</u> <u>and Executive Officers</u>	<u>Chiefs of</u> <u>Staff</u>
First	Planning	Planning	Planning
Second	Control	Control	Reporting
Third	Reporting	Accounting	Control
Fourth	Accounting	Reporting	Accounting

Comptrollers saw Planning as their most important function.

The Heckert and Willson functions were then ranked according to the time they consumed.

	<u>Comptrollers</u>	<u>Financial Managers</u>	<u>FMF Chief of Staff</u>	<u>Non-FMF Chiefs of Staff</u>	<u>Executive Officers</u>
First	Planning	Accounting	Reporting	Reporting	Reporting
Second	Reporting	Reporting	Planning	Accounting	Control
Third	Accounting	Planning	Accounting	Control	Accounting
Fourth	Control	Control	Control	Planning	Planning

The following response was elicited by requesting that the Heckert and Willson functions be ranked according to emphasis received in the respondent's command.

	<u>Comptrollers</u>	<u>Financial Managers</u>	<u>FMF Chief of Staff</u>	<u>Non-FMF Chiefs of Staff</u>	<u>Executive Officers</u>
First	Planning	Reporting	Planning	Reporting	Planning
Second	Reporting	Control	Reporting	Planning	Accounting
Third	Control	Planning	Accounting	Control	Control
Fourth	Accounting	Accounting	Control	Accounting	Reporting

Response was identical for both operational and supporting establishment comptrollers.

c. FMFM 3-1 gives the following responsibilities to comptrollers. Please rank them (1-4) as above.

<u>Importance</u>	<u>FMF Comptrollers, Executive Officers, & Non-FMF Chiefs of Staff</u>	<u>Non-FMF Comptrollers, Financial Managers, and FMF Chiefs of Staff</u>
(1)	Budgeting	Budgeting
(2)	Statistics	Accounting
(3)	Accounting	Statistics
(4)	Disbursing	Disbursing

All classes viewed budgeting as the most important function and disbursing as the least important.

When asked to rank the same functions according to the time they consume, the following results were returned.

	<u>FMF Comptrollers & Chiefs of Staff</u>	<u>Non-FMF Comptrollers & Executive Officers</u>	<u>Financial Managers</u>	<u>Non-FMF Chiefs of Staff</u>
(1)	Accounting	Budgeting	Budgeting	Accounting
(2)	Budgeting	Accounting	Statistics	Statistics
(3)	Statistics	Statistics	Accounting	Budgeting
(4)	Disbursing	Disbursing	Disbursing	Disbursing

Disbursing was again ranked lowest by all classes.

These factors were then ranked according to the emphasis they receive.

	<u>FMF Chiefs of Staff & Executive Officers</u>	<u>All Other</u>
(1)	Budgeting	Budgeting
(2)	Accounting	Statistics
(3)	Statistics	Accounting
(4)	Disbursing	Disbursing

d. The Controllers' Institute of America lists 6 functions. Please rank them (1-6) as above.

<u>FMF Comptrollers</u>	<u>Non-FMF Comptrollers</u>	<u>Financial Managers</u>	<u>FMF Chiefs of Staff</u>	<u>Non-FMF Chiefs of Staff</u>	<u>Executive Officers</u>
(1) Control	Control	Control	Control	Control	Control
(2) Performance Measurement	Performance Measurement	Validation	Validation	Asset Protection	Performance Measurement
(3) Validation	Validation	Performance Measurement	External Reports	Performance Measurement	Validation
(4) Asset Protection	Asset Protection	Asset Protection	Performance Measurement	Validation	Internal Reports
(5) External Reports	Internal Reports	Internal Reports	Asset Protection	Internal Reports	External Reports
(6) Internal Reports	External Reports	External Reports	Internal Reports	External Reports	Asset Protection

These same functions were then ranked according to the amount of time they consume.

	<u>FMF Comptrollers</u>	<u>Non-FMF Comptrollers</u>	<u>Financial Managers</u>	<u>FMF Chiefs of Staff</u>	<u>Non-FMF Chiefs of Staff</u>	<u>Executive Officers</u>
(1)	Control	Control	Control	Control	External Reports	Control
(2)	External Reports	Asset Protection	External Reporting	Internal Reports	Control	Validation
(3)	Performance Measurement	External Reporting	Performance Measurement	External Reports	Internal Reports	Performance Measurement
(4)	Asset Protection	Internal Reporting	Internal Reporting	Asset Protection	Asset Protection	External Reports
(5)	Validation	Validation	Asset Protection	Validation	Performance Measurement	Internal Reports
(6)	Internal Reports	Performance Measurement	Validation	Performance Measurement	Validation	Asset Protection

And finally these six functions were ranked by emphasis.

<u>FMF</u> <u>Comptrollers</u>	<u>Non-FMF</u> <u>Comptrollers</u>	<u>Financial</u> <u>Managers</u>	<u>FMF Chiefs</u> <u>of Staff</u>	<u>Chiefs of</u> <u>Staff</u>	<u>Executive</u> <u>Officers</u>
(1) Control	Control	Control	Control	External Reports	Control
(2) Performance Measurement	Performance Measurement	External Reports	Asset Protection	Control	External Reports
(3) Validation	Asset Protection	Performance Measurement	External Reports	Performance Measurement	Validation
(4) External Reports	External Reports	Internal Reports	Internal Reports	Asset Protection	Internal Reports
(5) Asset Protection	Validation	Validation	Validation	Validation	Performance Measurement
(6) Internal Reports	Internal Reports	Asset Protection	Performance Measurement	Internal Reports	Asset Protection

e. When asked "Which of the above 14 functions is most descriptive of the service the comptroller provides your organization?" the following percentage responses were obtained.

	<u>FMF Comptrollers</u>	<u>Non-FMF Comptrollers</u>	<u>Financial Managers</u>	<u>FMF Chiefs of Staff</u>	<u>Non-FMF Chiefs of Staff</u>	<u>Executive Officers</u>
Protecting Assets	0	7.1%	0	50.0%	0	0
Planning	11.1%	42.9%	21.1%	0	0	0
Controlling	33.3%	28.6%	31.6%	16.7%	16.7%	100%
Reporting	22.2%	7.1%	15.8%	16.7%	50.0%	0
Accounting	22.2%	0	5.3%	0	16.7%	0
Budgeting	0	7.1%	15.8%	16.7%	16.7%	0
Statistics	11.1%	0	0	0	0	0
Performance Measurement	0	0	5.3%	0	0	0
Validating Objectives	0	7.1%	5.3%	0	0	0

f. Answers were distributed according to the following percentages when the respondent was asked "What in your opinion is the comptroller's most important function?"

	<u>FMF</u> <u>Comptrollers</u>	<u>Non-FMF</u> <u>Comptrollers</u>	<u>Financial</u> <u>Managers</u>	<u>FMF Chiefs</u> <u>Of Staff</u>	<u>Non-FMF</u> <u>Chiefs of</u> <u>Staff</u>	<u>Executive</u> <u>Officers</u>
Asset Protection	0	7.1%	0	0	0	0
Planning	22.2%	50.0%	25.0%	0	28.6%	0
Control	22.2%	14.3%	45.0%	20.0%	42.9%	100%
Reporting	22.2%	7.1%	5.0%	0	14.3%	0
Accounting	22.2%	0	0	20.0%	0	0
Budgeting	11.1%	14.3%	20.0%	60.0%	14.3%	0
Validation	0	7.1%	5.0%	0	0	0

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Many officers commented that no separate function could be signaled out as most important.

g. Which of the above 14 functions consumes most of the comptroller's time?

	<u>FMF Comptrollers</u>	<u>Non-FMF Comptrollers</u>	<u>Financial Managers</u>	<u>FMF Chiefs of Staff</u>	<u>Non-FMF Chiefs of Staff</u>	<u>Executive Officers</u>
Protection Of Assets	0	0	6.2	20%	10%	0
Planning	44.4%	10%	12.5%	0	0	100%
Control	11.1%	40%	18.8%	20%	30%	0
Reporting	0	0	18.8%	60%	40%	0
Accounting	11.1%	20%	12.5%	0	10%	0
Budgeting	11.1%	30%	25.0%	0	10%	0
Disbursing	0	0	0	0	0	0
Statistics	11.1%	0	6.2%	0	0	0
Performance Measurement	11.1%	0	0	0	0	0

h. Which receives greatest command emphasis?

	<u>FMF Comptrollers</u>	<u>Non-FMF Comptrollers</u>	<u>Financial Managers</u>	<u>FMF Chiefs of Staff</u>	<u>Non-FMF Chiefs of Staff</u>	<u>Executive Officers</u>
Protecting Assets	0	0	0	16.7%	0	0
Planning	44.4%	28.6%	0	0	14.3%	0
Reporting	0	21.4%	20.0%	0	28.6%	100%
Control	33.3%	28.6%	30.0%	16.7%	14.3%	0
Accounting	11.1%	0	5.0%	0	14.3%	0
Budgeting	0	14.3%	35.0%	66.7%	14.3%	0
Disbursing	11.1%	0	5.0%	0	0	0
Performance Measurement	0	0	5.0%	0	0	0
Validation	0	7.1%	0	0	14.3%	0

5. Comptroller's Position in the Management Structure

A. The comptroller's position on the General/Executive Staff is the best position for contribution to effective financial management in your organization.

Response	<u>FMF</u> <u>Comptrollers</u>	<u>Non-FMF</u> <u>Comptrollers</u>	<u>Financial</u> <u>Managers</u>	<u>FMF Chiefs</u> <u>of Staff</u>	<u>Non-FMF</u> <u>Chiefs of</u> <u>Staff</u>	<u>Executive</u> <u>Officers</u>
Strongly Disagree(1)	0	0	0	0	0	0
Disagree(2)	0	0	9.1%	0	0	0
Agree(3)	11.1%	12.5%	22.7%	66.7%	28.6%	100%
Agree Strongly(4)	88.9%	87.5%	68.2%	33.3%	71.4%	0
Mean	3.89	3.88	3.59%	3.33	3.71	3.0
Standard Deviation	0.31	0.33	0.65	0.47	0.45	0
Median	3.90	3.89	3.60	3.40	3.80	3.0
50% Range	3.6-4.0	3.5-4.0	3.4-4.0	3.2-4.0	3.6-4.0	3.0-3.0
25% Range	3.7-.40	3.7-4.0	3.5-4.0	3.3-4.0	3.7-4.0	3.0-3.0

b. Rank the following staff positions in the order of importance as you perceive them in your command. G-1 G-2 G-3 G-4 Comptroller_____

	<u>FMF Comptrollers</u>	<u>Non-FMF Comptrollers</u>	<u>Financial Managers</u>	<u>FMF Chiefs of Staff</u>	<u>Non-FMF Chiefs of Staff</u>	<u>Executive Officers</u>
G-1	0	7.7%	33.3%	0	40.0%	50%
G-3	87.5%	23.1%	40.0%	83.3%	0	0
G-4	12.5%	30.8%	13.3%	16.7%	40.0%	0
Comptroller	0	38.5%	13.3%	0	20.0%	50%

Fleet Marine Force Comptrollers and Chiefs of Staff both see the G-3 (Operations) as the most important staff member. Comptrollers are seen as more important in non-operating units. Some chiefs of staff indicated that no single staff member could be singled out as most important, that effective staff functioning was a team effort. No officers chose G-2 as most important.

c. Which of the above staff positions would you prefer to hold in your organization/command? _____

	<u>FMF</u> <u>Comptrollers</u>	<u>Non-FMF</u> <u>Comptrollers</u>	<u>Financial</u> <u>Managers</u>	<u>FMF Chiefs</u> <u>of Staff</u>	<u>Non-FMF</u> <u>Chiefs of</u> <u>Staff</u>	<u>Executive</u> <u>Officers</u>
G-1	0	6.7%	5.3%	20.0%	0	50%
G-3	22.2%	13.3%	31.6%	80.0%	0	0
G-4	44.4%	6.7%	21.1%	0	100%	0
Comptroller	33.3%	73.3%	42.1%	0	0	50%

No officers indicated a desire to hold the G-2 (intelligence) staff position. This question lacks validity for Non-FMF Comptrollers, Chiefs of Staff and Air Station Executive Officers since the staffs of these organizations are not normally structured along General/Executive staff lines, i.e., there is not a G-1 through G-4.

d. Your comptroller organization provides adequate depth and experience for efficient functioning.

<u>Response</u>	<u>FMF Comptrollers</u>	<u>Non-FMF Comptrollers</u>	<u>Financial Managers</u>	<u>FMF Chiefs of Staff</u>	<u>Non-FMF Chiefs of Staff</u>	<u>Executive Officers</u>
Strongly Disagree	44.4%	6.3%	0	0	0	0
Disagree	11.1%	25.0%	31.6%	16.7%	0	0
Agree	44.4%	18.8%	52.6%	83.3%	85.7%	100%
Agree Strongly	0	50.0%	15.8%	0	14.3%	0
Mean	2.0	3.13	2.84	2.83	3.14	3.0
Standard Deviation	0.94	0.99	0.67	0.37	0.35	0
Median	2.50	3.83	3.00	3.40	3.58	3.5
50% Range	1.6-3.4	2.6-4.5	2.5-3.8	3.1-3.7	3.3-3.9	3.3-3.8
25% Range	1.8-3.2	3.1-4.2	3.0-3.5	3.3-3.6	3.4-3.7	3.4-3.6

e. How does the prestige of the comptroller compare with that of other staff members in your organization?

<u>Response</u>	<u>FMF Comptrollers</u>	<u>Non-FMF Comptrollers</u>	<u>Financial Managers</u>	<u>FMF Chief of Staff</u>	<u>Non-FMF Chiefs of Staff</u>	<u>Executive Officers</u>
Equal to	88.9%	56.3%	36.8%	66.7%	85.7%	50.0%
Greater Than	0	43.8%	47.4%	16.7%	14.3%	50.0%
Less Than	11.1%	0	15.8%	16.7%	0	0

f. Based on other staff relationships within your command, is the interstaff relationship dealing with financial management with higher and lower commands:

<u>Response</u>	<u>FMF Comptrollers</u>	<u>Non-FMF Comptrollers</u>	<u>Financial Managers</u>	<u>FMF Chiefs of Staff</u>	<u>Non-FMF Chiefs of Staff</u>	<u>Executive Officers</u>
Exceptionally Poor (1)	0	0	0	0	0	0
Inadequate (2)	0	0	5.9%	0	0	0
Adequate (3)	11.1%	6.3%	41.2%	0	14.3%	0
Above Average (4)	0	0	5.9%	0	14.3%	50%
Good (5)	44.4%	18.8%	41.2%	50%	42.9%	50%
Exceptionally Good (6)	44.4%	75.0%	5.9%	50%	28.6%	0
Mean	5.22	5.62	4.00	5.50	4.86	4.50
Standard Deviation	0.91	0.78	1.14	0.50	0.99	0.50
Median	5.88	6.29	3.79	6.0	5.5	5.0
50% Range	5.3-6.2	5.8-6.5	3.0-5.4	5.5-6.5	4.8-6.1	4.5-5.5
25% Range	5.6-6.4	6.1-6.5	3.4-5.0	5.8-6.3	5.2-5.8	4.7-5.2

6. Project PRIME

- a. The measurement of performance in financial terms within your organization is generally a valid concept.

<u>Response</u>	<u>FMF Comptrollers</u>	<u>Non-FMF Comptrollers</u>	<u>Financial Managers</u>	<u>FMF Chiefs of Staff</u>	<u>Non-FMF Chiefs of Staff</u>	<u>Executive Officers</u>
Strongly Disagree(1)	25.0%	18.8%	16.7%	0	0	0
Disagree (2)	25.0%	25.0%	16.7%	0	14.3%	0
Agree(3)	25.0%	37.5%	61.1%	100%	71.4%	100%
Agree Strongly(4)	25.0%	18.8%	5.6%	0	14.3%	0
Mean	2.50	2.56	2.56	3.0	3.00	3.00
Standard Deviation	1.12	1.00	0.83	0	0.54	0
Median	3.00	3.00	2.45	3.25	3.50	3.50
50% Range	1.8-4.3	2.1-3.8	1.5-3.6	0.8-3.6	3.2-3.9	3.3-3.8
25% Range	2.4-3.6	2.5-3.4	1.6-2.3	3.1-3.4	3.3-3.7	3.4-3.6

c. Officers outside of the comptroller department in your organization understands PRIME (independent of your efforts to educate them).

<u>Response</u>	<u>FMF</u>		<u>Non-FMF</u>		<u>Financial</u>		<u>FMF Chiefs</u>		<u>Non-FMF</u>		<u>Executive</u>	
	<u>Comptrollers</u>	<u>Comptrollers</u>	<u>Comptrollers</u>	<u>Comptrollers</u>	<u>Managers</u>	<u>Managers</u>	<u>of Staff</u>	<u>of Staff</u>	<u>Chiefs of</u>	<u>Chiefs of</u>	<u>Officers</u>	<u>Officers</u>
Strongly Disagree(1)	75.0%		35.3%		31.3%		0		0		50%	
Disagree(2)	25.0%		47.1%		62.5%		75.0%		71.4%		50%	
Agree(3)	0		17.6%		6.3%		25.0%		28.6%		0	
Agree Strongly(4)	0		0		0		0		0		0	
Mean	1.25		1.82		1.75		2.25		2.29		1.50	
Standard Deviation	0.43		0.71		0.56		0.43		0.45		0.50	
Median	1.80		2.33		2.05		2.33		2.70		2.00	
50% Range	1.3-2.3		1.8-2.8		1.1-2.6		0.8-2.8		2.4-3.1		1.5-2.5	
25% Range	1.6-2.2		2.1-2.6		1.6-2.3		2.1-2.6		2.5-2.9		1.8-2.3	

d. PRIME concepts of accrual accounting should be carried further than they are at present.

<u>Response</u>	<u>FMF</u>		<u>Non-FMF</u>		<u>Financial</u>		<u>FMF Chiefs</u>		<u>Non-FMF</u>		<u>External</u>	
	<u>Comptrollers</u>	<u>Comptrollers</u>	<u>Comptrollers</u>	<u>Comptrollers</u>	<u>Manager</u>	<u>of Staff</u>	<u>of Staff</u>	<u>Chiefs of Staff</u>	<u>Chiefs of Staff</u>	<u>Officers</u>	<u>Officers</u>	<u>Officers</u>
Strongly Disagree (1)	50.0%		46.7%		28.6%	0	0	0			0	
Disagree (2)	12.5%		20.0%		42.9%	0	0	83.3%			100%	
Agree (3)	25.0%		6.7%		28.6%	100%		16.7%			0	
Agree Strongly (4)	12.5%		26.7%		0	0	0	0			0	
Mean	2.00		2.13		2.00	3.00		2.17			2.00	
Standard Deviation	1.12		1.26		0.76	0		0.37			0	
Median	1.80		2.00		1.88	0.60		2.50			1.00	
50% Range	1.3-2.3		1.4-3.5		0.8-2.8	0.3-0.9		2.2-2.9			0.5-2.5	
25% Range	1.2-2.2		1.7-2.6		1.2-2.4	0.5-0.8		2.3-2.7			0.7-2.2	

e. PRIME is a cost effective project.

<u>Response</u>	<u>FMF Comptrollers</u>	<u>Non-FMF Comptrollers</u>	<u>Financial Managers</u>	<u>FMF Chiefs of Staff</u>	<u>Non-FMF Chiefs of Staff</u>	<u>Executive Officers</u>
Strongly Disagree(1)	62.5%	33.3%	25.0%	0	0	0
Disagree(2)	12.5%	13.3%	50%	0	16.7%	100%
Agree(3)	25.0%	46.7%	25.0%	100%	83.3%	0
Agree Strongly(4)	0	6.7%	0	0	0	0
Mean	1.625	2.27	2.0	3.00	2.83	2.0
Standard Deviation	0.86	1.0	0.71	0	0.37	0
Median	1.80	3.0	2.19	1.00	3.30	1.00
50% Range	1.3-3.3	1.5-3.6	1.1-2.8	0.5-3.5	2.8-3.8	0.5-2.5
25% Range	1.6-2.3	1.9-3.3	1.7-2.5	0.8-3.3	3.1-3.5	0.7-2.3

f. The costing of all military manpower expenditure in your organization is a valid project, i.e., results in better utilization of manpower resources.

<u>Response</u>	<u>FMF Comptrollers</u>	<u>Non-FMF Comptrollers</u>	<u>Financial Managers</u>	<u>FMF Chiefs of Staff</u>	<u>Non-FMF Chiefs of Staff</u>	<u>Executive Officers</u>
Strongly Disagree (1)	71.4%	93.8%	37.5%	0	16.7%	0
Disagree (2)	28.6%	0	31.3%	0	50.0%	100%
Agree (3)	0	6.3%	25.0%	100%	33.3%	0
Agree Strongly (4)	0	0	6.3%	0	0	0
Mean	1.29	1.13	2.0	3.0	2.17	2.0
Standard Deviation	0.45	0.48	0.94	0	0.69	0
Median	1.50	1.53	1.50	3.25	2.50	2.25
50% Range	1.1-1.9	1.2-1.8	1.0-3.0	0.8-3.6	1.8-3.1	0.8-2.9
25% Range	1.3-1.7	1.4-1.7	1.5-2.4	3.1-3.4	2.2-2.8	1.8-2.6

CORRELATION

Naturally there were many instances of high correlation between answers to different questions. For example, there was a high correlation between years of service and rank. Those who ranked a comptroller function high in importance, quite frequently also rated it high in emphasis or time consumed. Correlations of these types have not been cited.

Fleet Marine Force Comptrollers

There was a correlation of .71 between education level and agreement that PRIME was a cost effective system. Higher education apparently makes comptrollers more favorable towards PRIME.

A negative correlation, $-.71$ existed between the length of time a person had spent in an assignment and how he rated the comptroller section as to depth and experience. The longer he was on the job, the more the comptroller felt that depth and experience were adequate.

There was a $-.82$ correlation between ranking Budgeting as important and ranking the function of Progress and Statistics as to emphasis. Those who ranked budgeting as high in importance did not see the collection of progress reports and statistical work as an emphasized part of the comptroller's job.

A negative correlation, $-.62$ occurred between Reporting ranked as to time and the rank of the comptroller.

$-.69$ correlation was obtained by comparing the desire for more financial management duties with rank, indicating that lower ranking officers look forward to further tours in financial management, while high ranking officers do not.

Financial Managers

A $.83$ correlation was observed between control ranked as to importance and accounting ranked as to importance.

Validation of objectives ranked according to emphasis had a $.81$ correlation with the Disbursing function ranked as to emphasis.

Asset Protection ranked as to emphasis correlated with Internal Reporting ranked as to time $.80$.

Non-Fleet Marine Force Comptroller

The following correlation occurred:

$.88$ between budgeting ranked as importance and disagreement with the costing of military manpower.

$.67$ between the ranking of the Accounting function as to time and ranking external reporting as to emphasis.

$.71$ between accounting ranked as to time and internal reporting ranked as to time.

-.69 between the selection of the financial management program as the first choice in postgraduate schooling, and disagreement with the statement that future assignments in financial management training were looked forward to. In other words, those who made financial management training their first choice looked forward to further tours in financial management 69 per cent of the time.

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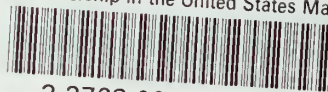
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